MAKING A GREAT PLACE

Metro

600 NE Grand Ave.
Portland, Oregon
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PUBLIC SERVICE
EXCELLENCE
INNOVATION
RESPECT
TEAMWORK
SUSTAINABILITY

ADOPTED BUDGET Summary FY 2013-14

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MAKING A GREAT PLACE

Metro

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to providing services, operating venues and making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together, we're making a great place, now and for generations to come.

Stay in touch with news, stories and things to do.

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Metro | *Making a great place*

Adopted Budget
Fiscal Year 2013-14

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GFOA Distinguished budget presentation award


GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

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Oregon

For the Fiscal Year Beginning

July 1, 2012

Christopher P Morrill | Jeffrey R. Esser
President | Executive Director

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Presentation Award to Metro for its annual budget for the fiscal year beginning July 1, 2012.

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 seventeenth 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.

Printed on recycled-content paper

FY 2013-14 Adopted Budget

SUMMARY VOLUME (VOLUME 1)

A. BUDGET MESSAGE

B. WHAT IS METRO

C. BUDGET SUMMARY

D. ORGANIZATIONAL SUMMARY

User's guide

Metro's adopted budget for FY 2013-14 is provided in two volumes. The first volume SUMMARY presents the budget in sections designed to provide an understanding of how the budget is developed, its primary revenues and expenditures, and how these resources are applied to programs and activities. Many readers will find Volume 1 sufficient to gain an understanding of Metro's financial strategies for the coming year. Some readers may require additional detail which can be found in the second volume DETAIL.

SUMMARY (VOLUME 1)

The SUMMARY is organized in the following sections:

Budget message

By law the budget message is given at the time the budget is proposed and identifies any significant changes from one year to the next. The Metro Chief Operating Officer serves as Metro's Budget Officer.

What is Metro

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

Budget summary

This section provides a comprehensive summary of the budget. It provides information on adoption ordinance, schedule of appropriations, property tax calculation, budget environment, revenues and expenditures, including trends and fund summaries, and summarizes staffing changes. It also includes the summaries of both the debt and five-year Capital Improvement Plan.

Organizational summary

The organizational summary presents Metro's appropriations units as required by Oregon budget law. Centers and services may be budgeted in a single fund or in several funds, but always by appropriations unit. This section discusses the purpose, organization and accomplishments related to the prior year's objectives. It identifies service level changes in the proposed budget and the new objectives for the upcoming budget year.

DETAIL (VOLUME 2)

Volume 2 provides greater detail about the budget. Readers should consider Volume 2 when looking for additional information about individual aspects of the budget.

Fund summaries and detail

This section presents detailed financial information and analysis for each of Metro's 14 funds, the legal units by which the budget is appropriated. The detail after each fund description contains technical information used by Metro managers to manage their programs. This detail includes current as well as historical line item revenues and line item expenditures required by law.

Capital Improvement Plan detail

Metro's capital budget for fiscal years 2013-14 through 2017-18 is included in the FY 2013-14 budget document. This section presents the department specific project summaries and analysis.

Debt schedules

This section contains information about Metro's outstanding debt obligations. It also provides detailed debt schedules for existing revenue bonds, general obligation bonds, capital leases and other debt.

Budget and financial structure

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

Appendices

The appendices include several related documents that are legally required to be included with Metro's budget document or that provide additional policy background information. These appendices include the cost allocation for federal grant purposes, budget transfers, excise taxes, GASB 54 fund balance designation, limited duration positions and personnel changes detail, the charter of limitations on expenditures and fringe benefits. The glossary, annual contracts list and detailed chart of accounts are located in this section.

Chief Operating Officer's Budget Message

April 25, 2013

To the Metro Council, citizens and regional partners and valued employees:

I am pleased to present Metro's FY 2013-14 proposed budget. My goal in proposing this budget has been to ensure that Metro provides excellent core services to the citizens and communities of the Portland metropolitan area to support the region's people, economy and environment.

The proposed budget is a strategic and prudent approach to managing public resources next fiscal year and into the future. Metro has made careful choices to avoid disruptive service cutbacks, knowing that the citizens and communities of the region rely on our wide range of services. In developing the proposed budget, I relied on Metro's excellent financial policies and on the planning Metro's departments have engaged in to ensure that the decisions we make today serve us well over the next three to five years. The proposed budget follows basic principles such as protecting our assets, committing one-time funds to one-time purposes and requiring our enterprise activities to perform to the bottom line. Additionally, the proposed budget relies on the policy framework adopted by the Metro Council to evaluate our programs and activities: the Metro Compass and Six Desired Regional Outcomes.

Maintaining Metro's ability to provide core services is challenging; the economic downturn stresses Metro's programs and activities. The region's economy is slowly returning to prerecession levels, but many of Metro's key revenue sources lag behind the economy. For a variety of reasons, federal transportation funding is declining, which affects Metro's ability to meet its general transportation planning mandates and to develop specific projects. Additionally, most of Metro's departments and facilities face critical strategic issues, many of which threaten to reduce revenues or substantially increase the costs of operations. Lastly, some of our costs, particularly personnel costs, are growing at a rate that outpaces our revenues. With the help of our labor unions, Metro has made strategic decisions that will limit the growth of labor costs, but we still have considerable work to do to ensure Metro's wages and benefits are sustainable for the agency and fair for employees.

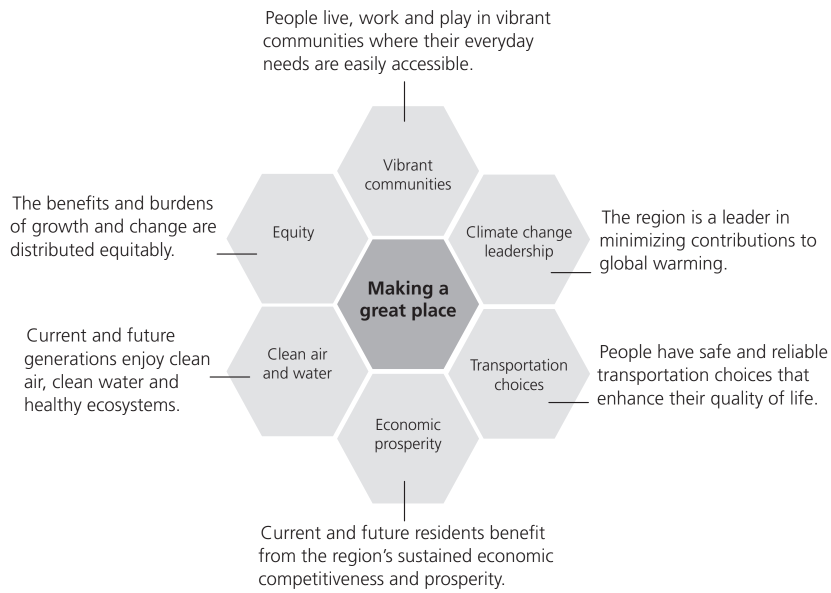
Despite these challenges, the proposed budget reflects an agency that is well positioned to preserve and enhance the region's economy, natural environment and people both today and well into the future. This is especially true should voters approve the May 2013 Parks and Natural Areas Local Option Levy. Metro has been and will remain focused on providing needed regional services, exceptional customer service, and a collaborative environment that allows our citizens, businesses and communities to thrive.

How the budget proposal was developed

In November 2012 the Metro Council met to review the revenue and expenditure forecasts for Metro's major operating funds and to provide direction about Council initiatives for the upcoming year. Council provided key strategic guidance on a variety of policy and fiscal choices. Following that discussion, as Budget Officer, I instructed departments to prepare initial budget requests that balanced to the current year's General Fund allocations of to the available enterprise and grant revenues.

I asked each department to use three tools to develop budgets to ensure programs and activities serve the region's citizens and are sustainable over the next three to five years. First, this proposed budget is anchored by the region's six desired outcomes. Developed in a collaborative process and adopted by the Metro Council in 2010, the six outcomes ensure that Metro's programs and activities focus on what makes this region a great place.

Region's six desired outcomes



Second, the department directors and I used the Metro Compass to frame decisions about our core priorities in developing the budget. The Metro Compass helps us ensure that Metro's programs and activities achieve our vision for the region, deliver on our core mission and build public trust in Metro.

Metro Compass

Third and finally, each of Metro's departments has developed a five-year mission critical plan for their operations. These mission-critical plans helped each department look ahead to identify the key opportunities and threats that face the region, Metro and their programs to ensure we are making decisions today that will be sustainable and strategic for the next three to five years.

Strategic Issues in Budget

As has been true for several years, the major factors driving the budget relate to the economic slowdown. Some portions of the economy appear to be recovering – especially the visitor economy – and this recovery has relieved the pressure on some of Metro's services. In other cases, Metro's revenues lag significantly behind the economy, and it will be several years before revenues recover to the same level as FY 2006-07. In other cases, the economy has permanently "reset." For example, revenue from interest earned on investments may never return to pre-2006 levels.

Outside of the larger forces of the economy, this budget presents several strategic issues:

Local Option Levy for Parks and Natural Areas. In December 2012, the Metro Council referred a five-year local option levy of 9.6 cents per thousand to the voters at the May 2013 election. The Council also directed me to prepare an "A" budget, which assumes passage of the levy, and a "B" budget, which assumes failure. The proposed budget is the "A" Budget. It would invest in projects and programs that will protect our region's water quality and help restore native fish and wildlife habitat. Those include on-the-ground investments that will:

- Improve water quality in local rivers and streams for salmon and other native fish.
- Restore wildlife habitat, remove invasive weeds, and restore wetlands and floodplains.
- Improve visitor services in Metro's parks, including replacing aging restrooms, picnic shelters and playgrounds.
- Provide nature education programs to school-aged children and visitors.
- Support community partnership projects that connect people with nature in their neighborhoods through the Nature In Neighborhoods Restoration and Enhancement Grant program.

By contrast, the "B" budget will require fee increases at all of Metro's parks and boat ramps, will reduce our work on regional trails and will eliminate the Nature in Neighborhoods Restoration and Enhancement grants. However, the full impact of failure of the levy will not appear in FY 2013-14. The B Budget puts the agency on a course of significant deferred maintenance and increases the risk that the region may lose a significant portion of the value of the land voters asked us to protect when they passed natural area acquisition bond measures. If the levy fails, the Council will adopt the "B" budget by eliminating the Parks and Natural Areas Local Option Levy Fund and some related other expenditures from the proposed budget.

Implementing the 2040 Vision. This budget continues Metro Council's strategic effort to shift the Planning and Development department's focus to on the ground implementation of projects that make great places. Work on the Regional Transportation Plan and Climate Smart Communities will likely highlight that important equity, environmental, climate change and related regional desired outcomes require additional investments in all modes of transportation and in other infrastructure. Similarly, the East Metro Connections Plan, Southwest Corridor Plan and the upcoming Powell-Division Plan illustrate the growing gap between our ability to plan for vibrant downtowns, safe and reliable transportation and economic prosperity and the region's ability to pay for the infrastructure and services to support those plans.

Metro has been very active in efforts to ensure the region has sufficient industrial lands, to redevelop brownfields and planning for a regional Active Transportation system to mirror our automobile and freight systems. Our ability to implement this work, as with the corridor plans, is limited by inadequate funding for infrastructure.

Metro's partnership with the Community Investment Initiative (CII) is a piece of bringing sufficient resources to help us build the employment centers, mainstreets and downtowns that will make the 2040 Growth Concept a reality throughout the region. In the coming year, the Metro Council will receive a recommendation about a Regional Infrastructure Enterprise from the CII Leadership Council.

Visitor Venues. Each of our visitor venues faces key strategic issues. For the Oregon Convention Center (OCC), the success or failure of the hotel project will shape the future direction of and market for the facility. A portion of OCC is also nearly 25 years old and has capital needs as a result. The Portland Expo Center (Expo)is confronted with how the I-5 replacement bridge will affect operations both during construction and after completion. Expo is also working on a plan for Halls A, B and C, which are critical exposition space, aging and historically significant. Portland Center for the Performing Arts (PCPA) also has aging facilities, an older agreement with the City of Portland, changes that affect the community's resident performing arts companies, and the introduction of the Portland Arts Tax.

Solid Waste Road Map. Increasing competition, changing technology and site specific constraints at Metro's transfer stations require vigilance, planning and investment. Within the next five years Metro will need to make significant decisions about the solid waste system that could fundamentally change the agency's existing financial structure.

What the budget looks like

By law Metro must present a balanced budget. The legal budget, which accounts for all resources and all requirements, is $481 million. This number includes monies from the sale of bonds authorized by the voters for the Natural Areas and the Oregon Zoo, as well as the accompanying debt service, which took place in FY 2012-13.

Metro actual operating budgets have increased. The proposed budget includes the new Parks and Natural Areas Local Option Levy Fund, which increases Metro's operating budget by a little more than $10 million.

What the budget delivers

The focus of Metro's budget is to:

Deliver excellent public and customer service

The majority of Metro's financial resources and employees are dispatched to welcome more than five million citizens and customers to its parks, zoo, concert halls and convention and event centers. What the region is unable to reuse, recover or recycle is disposed of properly to keep the public and the environment safe. Citizens can find information on Metro's website about events, policies and programs during regular business hours or whenever they choose. Qualified applicants and vendors can find opportunities to do business with Metro.

In FY 2013-14 Metro will commit nearly $200 million in meeting this daily, operational requirement.

Deliver on the bond promises

Voters have authorized Metro to invest in the region's future by approving general obligation bonds to construct facilities and to preserve natural areas and streams.

Metro is continuing acquisition of natural areas under a second voter authorization in 2006. Capital improvements across the zoo have been completed, and construction is underway to create a new elephant habitat, four times the current size, under the 2008 Oregon Zoo Infrastructure and Animal Welfare bond authorization. Creation of a new Condor Exhibit at the zoo is also underway, with completion expected in FY 2013-14.

Maintaining and caring for public assets

Like most public entities, Metro relies on debt financing to acquire, build or renovate entire facilities. Once acquired, Metro protects the public's investments by setting aside renewal and replacement funding to ensure that facilities and major equipment reach their full useful life.

In total, over the next five years, the Capital Improvement Plan proposes to spend $184 million to acquire, improve and care for Metro's assets.

Move forward with the Council's key initiatives

The Metro Council positions the agency for the future by directing specific policies, programs and projects. These may include specific enhancements to current programs or strategic investments to assess and understand emerging needs. The proposed budget includes a fourth year commitment to CII ($330,000), which is a level that will require participation from other partners. The proposed budget also funds the development of an agency specific equity strategy ($390,000), maintains $200,000 in Development Opportunity funding and commits staff and financial resources ($419,000) to finding a solution to the persistently identified need for a large hotel room block to boost convention bookings. The Solid Waste Roadmap ($390,000) is a multiyear effort to define the best approach for Metro to dispose of the region's solid waste after 2019.

The proposed budget also includes continued staffing in several departments to support Oregon City's work to redevelop the Willamette Falls property in support of local aspirations while providing protection of appropriate historic resources and improved public access to the falls.

The proposed budget includes continued work on critical planning projects, including the Southwest Corridor Plan ($2 million); Climate Smart Communities ($790,000), the Urban Growth Report ($356,000) the Regional Transportation Plan ($650,000) and the Powell-Division Corridor Plan ($441,000).

Significant changes in the budget

Oregon budget law directs the Budget Officer to highlight significant changes in the proposed budget. Using the six desired regional outcomes, the Metro compass and the Council's guidance, I have reduced some programs, activities and staffing to meet the available resources and to avoid more severe reductions in the future. I have applied one-time money to urgent investments, especially investments with the potential to increase future revenues. I have proposed the use of limited duration positions, new or continued, for projects and activities with clear endpoints.

Workforce Changes

The FY 2013-14 proposed budget increases the number of authorized positions by a approximately 9.0 FTE. This includes the expiration of 6.2 limited duration FTE as scheduled. The budget eliminates 11.2 FTE, a mix of management and represented positions, many of which have been managed by attrition. Some of these reductions reflect successfully completed projects; some reflect program efficiencies brought about by consolidation or increased automation. But the most difficult reductions reflect flat or slow growing general revenues, declining grant revenues and activity-based revenues. The increase in the total FTE is primary tied to the Local Option Levy for Parks and Natural Areas: the addition of 16.0 FTE dependent upon successful passage of the Parks and Natural Areas local option levy. Other additions include 0.4 FTE in the Council Office, 5.5 FTE in janitorial staffing, bringing the services in house and an increase of 4.5 FTE in staffing at the MERC venues.

Planning and Development continues to see change

The most significant policy and programmatic changes appear in Planning and Development. Federal transportation funding and specific project grant funding, the major funding sources for Planning and Development, are in short supply.

Summary of changes by department

The proposed budget includes the following service level changes:

Metro Council

The Metro Council budget includes the Council, the Office of the Chief Operating Officer and Government Affairs and Policy Development. It also includes the Diversity Program, Equity Strategy and the Community Investment Initiative, three signature initiatives of the agency, as well as the continuation of a limited duration policy advisor to assist OCC in exploring construction of a headquarters hotel.

The Metro Council is leading the agency's economic development actions through the FY 2013-14 proposed budget. The proposal maintains special appropriations for membership in Greater Portland Inc., the Portland-Vancouver regional economic development partnership driving quality economic expansion and job creation. In addition, the budget continues resources for the Council to participate in the Metro Export Initiative, a Greater Portland Inc. project to create and retain the jobs to double exports in the next five years. The use of the construction excise tax funds Community Planning and Development grants.

The proposed budget also includes resources for increasing outreach and public involvement opportunities for both local government officials and for underserved groups, especially communities of color. The Council budget adds 2.9 FTE in support of the Equity Strategy Program.

Office of Metro Auditor

Metro's elected Auditor operates independently and is a link between the public and Metro. The Office of the Auditor conducts performance auditing and oversees the financial auditing of the agency. The Auditor objectively assesses how well Metro services and activities are performing, ensuring accountability and transparency. There are no service level changes for FY 2013-14.

Parks and Environmental Services

Parks and Environmental Services operates Metro's parks facilities, including cemeteries, the Metro Regional Center building and solid waste facilities. FY 2013-14 begins the first full year of the new Glendoveer operations contract. Unlike prior years, the current year will show all revenue and expenditures for the golf course. Under the terms of the prior agreement only the net revenue was recorded.

At the Metro Regional Center janitorial and security services will no longer be contracted out. The budget shows the additional cost and 5.5 FTE to bring the services in house. This has been done mostly to increase the efficiencies and provide better control of service levels.

The budget also projects an increase of 5.0 FTE if the Parks and Natural Areas Local Option levy passes. These FTE will not be added if the levy does not pass.

PES also operates Metro's two public transfer stations. The current budget shows current rates will be virtually unchanged from the FY 2012-13 rates.

Planning and Development

Planning and Development includes three program areas that reflect the Council's Community Investment Strategy: Community Development, Project Development and Transportation System Planning. The organization reflects the Metro Council's desire to work with communities throughout the region to target investments that boost economic vitality, provide transportation choices and prepare for population growth consistent with shared local and regional aspirations.

The proposed budget reflects continued reductions in Federal Transportation dollars, partially offset by increases in Public Lands/Surface transportation dollars from ODOT. It also accounts for relatively stable funding in both Transit Oriented Development (TOD) and Regional Travel Options (RTO) for the next several years. Overall personnel impacts in the current budget are reductions of 2.0 FTE in Community Development, 1.0 FTE in Project Development related to Corridors, 0.4 FTE reduction in Transportation System Planning and 0.5 FTE in administrative support.

Consistent with the Council's direction, General Fund resources have been prioritized to maintain the Development Opportunity fund ($200,000). This resource complements and fills in where TOD funding is not eligible. Together these on-the-ground programs provide assistance to a variety of local projects that meet both community goals and regional policy priorities.

Federal resources, while limited, will fund initial analysis for the next corridor plan. However, the level of future project funding awaits federal decision-making. The proposed budget reflects only funds that have been committed. Planning and Development continues to pursue aggressively other grant and funding opportunities, a strategy which is equally helpful and difficult for program stability.

Research Center

The Research Center provides data, information, mapping and technical services to support public policy and regulatory compliance for Metro programs and for the region. The center coordinates data and research with local government partners, academic institutions and the private sector.

The Forecasting and Modeling Services group is impacted by the reduction in work performed for Planning and Development, previously its major client. As a result Forecasting and Modeling Services is taking on outside public and private clients to retain highly skilled and talented staff. Including additional local government and private revenues presents some budgetary risk and will be monitored closely during the coming fiscal year.

Even with the additional revenue this budget reflects a reduction of 2.5 limited duration FTE in the Research Center tied to the reduction of transportation related funding; these positions were set to expire in FY 2013-14.

Sustainability Center

The Sustainability Center contributes directly to the region's livability and focuses on providing accessible regional natural areas, parks and trails and maintaining and enhancing environmental quality. It also promotes sustainable resource management through waste reduction initiatives ranging from residential recycling assistance to required recovery of dry waste at materials recovery facilities.

The budget also projects the hiring of 9.0 FTE for projects and programs if the Parks and Natural Areas local option levy, to be voted on in May 2013, passes. These FTE will not be added if the levy does not pass.

The Sustainability Center's Resource Conservation and Recycling program recognizes the successful completions of the two-year diesel retrofit program and the four-year Business Recycling Requirement technical assistance program. The Resource Conservation and Recycling budget shows a reduction of more than $300,000 in materials and services due to the successful completion of the Diesel Retrofit project and other DEQ-related activities.

Visitor Venues

Visitor Venues includes OCC, PCPA, Expo (MERC venues) and the Oregon Zoo. The Metropolitan Exposition Recreation Commission oversees the three MERC venues and recommends the budget for the MERC Fund, an enterprise fund. The Oregon Zoo's operations are found in the General Fund. A General Manager of Visitor Venues manages all four venues and reports to Metro's Chief Operating Officer. Organizationally, the Visitor Venues represent 23 percent of the annual revenues and 44 percent of the agency's payroll.

National convention bookings for FY 2013-14 are rebounding from prior year levels. Resident companies using PCPA's facilities have shortened their performance runs or moved into smaller performance halls, which provides some additional opportunity for other commercial bookings. The FY 2013-14 Broadway season outlook currently has six and a half weeks. PCPA staff will look to fill the open slots with additional commercial shows. The Oregon Zoo continues its outstanding attendance and has seen a return of per capita spending to prerecession levels. There is some concern about on-site construction of the Elephant Lands exhibit and shutting down the zoo train during one of its busy seasons during the year.

A longstanding intergovernmental partnership provides for the sharing of transient lodging tax and car rental tax for convention and visitor activity. OCC relies on transient lodging tax for 25-35 percent of its operations, depending on the year. PCPA receives a smaller share of transient lodging tax as well as support from the City of Portland, the owner of the facilities. Tax collections have regained strength after a significant downturn and continue to move forward.

As part of the continuing consolidation of Metro and MERC business functions, six MERC positions will be transferred to Finance and Regulatory Services and Information Services, with MERC venues paying a proportionate cost through the general cost allocation plan.

OCC will use the Metro Tourism Opportunity Competitiveness Account request of $418,633 from the General Fund to continue to strive for a 500-hotel room block, a persistently identified reason for rejecting Portland as a convention site by national convention meeting planners. A limited duration policy advisor in the Chief Operating Officer's budget will be assigned to this project. A sales manager position has been added in the OCC budget, but will only be filled if the hotel project moves forward.

PCPA will eliminate two painter positions and a lead stage door position and add a new position to supervise maintenance and engineering services. PCPA's mission to support local resident arts groups by providing discounted rental rates of performance spaces remains challenging.

Expo does not receive transient lodging tax support for operations and must meet its debt service obligations for Hall D through annual operating revenues. The budget shows a $165,000 increase in funding in renewal and replacement from the MERC pooled capital account.

The **Oregon Zoo** generates the majority of its operating costs through gate admissions, memberships and sales related to concerts, train rides, food and other concessions. The Oregon Zoo Foundation provides operational support as well as major capital fund raising. The General Fund provides the remainder of the zoo's annual operating costs. The budget proposes two new animal keeper positions, offset by a reducing temporary service employees, to provide continuous, safer and better care for the animals. A number of part-time positions will be either increased or decreased, based on creating program efficiencies and reflecting how operations are conducted. The zoo has made continuous improvements in its use – and past overuse – of temporary staff.

The largest changes in the zoo's budget are the elimination of a Deputy Director position, with the retirement of a long-term employee, and the elimination of parking revenue due to a new agreement with the City of Portland. The General Fund will continue to fund positions transferring from parks programs; some limited funding from the Smith and Bybee Wetlands Fund also continues to fund a portion of the naturalist staff. The Solid Waste Fund will pay for its environmental education programs, including the outdoor school payments.

In the Oregon Zoo Infrastructure and Animal Welfare bond program, staff and expenses associated with the comprehensive capital master plan are eliminated, reflecting the successful completion of those activities. The next stages of construction, including the six-acre reconstruction of the elephant habitat, will have an impact on zoo operations. Train revenue will decline during the six-month period that train service will be disrupted, but staff is considering ways to incorporate "construction watching" into the visitor experience. The arrival of baby elephant Lily is expected to help mitigate attendance concerns. Other significant non-bond capital projects include the continuation of the new aviary projects funded by The Oregon Zoo Foundation.

Operational Support

Communications

Metro's Communications department supports the Metro Council and departments in providing public information and supporting public involvement in key agency decisions. Audiences include other government partners, specific advocacy groups, media outlets and the general public. The proposed budget represents a broad range of information and engagement activities but represents a $140,000 reduction in materials and services resources.

Opt In's technical platform and panel will be funded by the General Fund while specific surveys will be funded by its users: Metro programs or other partners. Because of resource limitations, Communications will provide reduced support to the CII.

The department, in partnership with Information Services, will deliver a new website during the upcoming fiscal year.

Finance and Regulatory Services

In addition to its portfolio of financial services, risk management and procurement, Finance and Regulatory Services is responsible for solid waste regulation, rate setting and financial analysis and modeling for solid waste operations. The proposed budget includes the transfer of four positions from the MERC Fund into agency-wide financial services, a continuing step in the consolidation of MERC and Metro business services. This allows Finance and Regulatory Services to eliminate two positions mid-year, one in accounting and one in procurement, following the retirement of long-serving staff.

The Solid Waste Information System, the data base application supporting solid waste fee and tax collection and reporting, will be operational on July 1. A new budget module application will become operational in May 2013, and a Phase 1 implmentation of Metro's financial systems application is currently underway.

Human Resources

Human Resources supports both the operating units and the individuals of Metro, providing strategic leadership, building collaborative relationships, promoting diversity and instilling best human resources management practices.

A limited duration position authorized for FY 2011-12 to review, update and refresh personnel policies will conclude successfully. The proposed budget includes a 0.75 FTE limited duration position with a new focus including a limited classification review of administrative positions common to Metro and visitor venue programs. The position will also support diversity activities including targeted employment materials.

Information Services

Keeping pace with technology remains a challenge for Metro. Information Services supports Metro's goals and business processes through the development, implementation, support and management of its information systems.

A limited duration Records Management Analyst position is converted to regular status at its current level of 0.5 FTE to continue management of Planning and Development records. In addition the proposed budget includes resources to conduct security and intrusion testing on network, web and application systems.

To continue to accept credit cards for payment, an essential business service for the visitor venues and transfer stations, Metro must establish comprehensive security and testing protocols. The budget also includes a significant increase in maintenance and support costs for business applications (financial systems, human resources and timekeeping systems and electronic records storage and retrieval). The budget shows 2.0 FTE moving from the MERC Fund to Information Services to further consolidate services across the agency.

Office of Metro Attorney

The Office of Metro Attorney provides legal services for the Metro Council, the Metro Auditor, the Chief Operating Officer and all of Metro's operating units and commissions. Office of Metro Attorney provides review and advice to the Metro Council to support its land use and transportation decisions. Attorneys are assigned to direct due diligence responsibilities for the Natural Areas acquisitions and to advise the Oregon Zoo for the master planning, land use and development approvals for the new bond measure.

General Expense

The General Expense category includes non-program revenues such as property tax, excise tax and interest earnings as resources. On the expenditure side, it includes non-operating expenses such as general obligation debt, transfers, and, in the General Fund, special appropriations that are not tied to an individual program, service or center. The greatest interest centers on the General Fund, which is discussed in detail below.

Revenues

The General Fund includes three important discretionary revenues: property tax, excise tax and interest earnings. These are the resources that the Council can direct by choice to any general purpose. Since 2008 interest earnings have remained at an unprecedented low, effectively removing them from being considered a primary resource.

The excise tax on Solid Waste disposal is established in Metro Code to generate a defined yield and may increase annually based on a specific consumer price index. The rate is calculated based on tonnage of the prior two years. For FY 2013-14 the proposed rate will increase by 10 cents per ton; Excise tax on other Metro facilities and services remains at 7.5 percent. Discretionary excise tax is expected to generate $15 million, a slight increase over the current year.

Construction excise tax has been recovering to pre-recession levels and is expected to increase in FY 2013-14. CET is a dedicated tax and is used to support Community Planning and Development grants.

Property taxes are levied for both operations (discretionary) and general obligation debt service (dedicated). The operating levy has a permanent rate of .0966, about ten cents, and raises $12 million for discretionary purposes. The levy for general obligation will be $36.4 million, based on debt schedules and cash flow requirements for existing debt. The estimated schedule is based on a not-to-exceed maximum for each issue, consistent with promises made to Metro taxpayers. If the voters pass the Parks and Natural Areas Local Option Levy in May 2013, it will add another .0966, raising approximately $10 million in FY 2013-14.

Despite economic conditions, collections have remained strong and are estimated to be 94.5 percent. Combined, the estimated tax rate for an urban Metro resident is 38 cents, or about $76 for owners of property assessed at $200,000.

Expenditures

The General Expense spending includes general agency payments for elections, the outside annual audit, and, in accordance with the financial policies, the appropriated contingency for the General Fund and the annual contribution to renewal and replacement. The Council Opportunity fund provides the Council with a modest resource to take advantage of new opportunities that arise which require a partnership match or otherwise leverage existing budgeted funds. In FY 2013-14 the fund has been reduced from $500,000 to $250,000 to assist in balancing the General Fund.

The General Expense category also includes special appropriations. These include payments for previously awarded grants for Nature in Neighborhoods small projects and Community Planning and Development grants; and payments for specific organizational dues and sponsorships such as Rail~Volution, the Regional Arts and Culture Council, Regional Water Consortium and the Lloyd Business Improvement District.

The proposed FY 2013-14 budget maintains $25,000 for Greater Portland, Inc., membership; $50,000 for Intertwine organizational support, which has been a diminishing allocation as part of a three year schedule to reach the $50,000 required to be a sustaining member; and $60,000 to support Greater Portland Pulse, the regional indicators project housed at Portland State University. The annual Metro Tourism Opportunity Competitiveness Account transfer to MERC is decreased to $418,663 and designated for the Convention Center Hotel project.

A continuing agency-wide project, the major conversion of the agency's primary website, is budgeted in General Expense and funded by assessments to all funds on a one-time basis. The total project cost is $592,000 over 18 months and includes a limited duration position. Solid Waste will provide $333,000 over two years, reflecting the greatest number of user inquiries, particularly for recycling information. The General Fund will provide $225,000; the remainder includes very small assessments to the MERC, Natural Areas and zoo bond funds. The project is expected to be completed during FY 2013-14.

CAPITAL IMPROVEMENT PLAN

The five-year Capital Improvement Plan identifies all capital projects which exceed $100,000 and meet the State of Oregon's definition for public improvements. The $184 million CIP spending plan includes 155 projects, about one quarter new capital projects and three quarters scheduled renewal and replacement projects. On a funding basis, it is the reverse – about 80 percent of the spending is related to new capital, led by the Natural Areas and zoo bond projects.

New capital projects

The General Fund does not have a reserve for new capital projects, relying on the accumulation of one-time resources from unanticipated revenues or underspending in a prior year to fund the most critical new capital needs. The pace of Natural Areas acquisitions has been increasing, and the zoo has begun the Elephant Lands habitat project, the largest of the zoo bond projects.

Renewal and replacement

Renewal and replacement projects are scheduled according to the expected useful life of the asset and its condition. All operating funds make annual contributions for renewal and replacement. This accumulating strategy is intended to smooth out the funding in years when higher cost projects are scheduled. The General Fund contribution in FY 2013-14 will be $1.8 million.

The MERC Fund is currently in a lower spending period but has several expensive projects, including the OCC roof, scheduled to begin in FY 2013-14.

Significant renewal and replacement projects for FY 2013-14 include a $1 million roof update at OCC; $380,000 lighting efficiency project at Expo; and $582,000 to partially replace the roof at the Metro Regional Center.

SOLID WASTE RATES

As a companion to the budget, we are also presenting the proposed solid waste rate ordinance and its accompanying rate report. The Council will receive a review of the rates prepared by an independent consultant. Interested parties may testify or comment on the rates under either the budget ordinance or the rate ordinance.

Based on the proposed budget, the anticipated tip fee, including all fees and taxes, will be $94.33 on August 1, an increase of $0.49 over current rates. The agency is making a conscious decision to keep rates similar to the previous year after three years of $4 dollar increases. A proposal to capture a portion of the fixed costs from recoverable solid waste, particularly organics processing, helps avoid a higher fee increase.

CHARTER LIMITATION ON EXPENDITURES

Metro's charter includes a limitation on expenditures of certain tax revenues imposed and collected by Metro, specifically the general excise tax and the construction excise tax. The general excise tax is a yield-base tax which may increase annually only by the consumer price index. The expenditure limit for FY 2013-14 is $20.5 million; budgeted expenditures are $18.8 million. The proposed budget does not exceed this limitation.

The majority of the excise tax is collected on solid waste activities and is calculated as a per-ton tax. The proposed rate for FY 2013-14 is $12.29 per ton, an increase of 10 cents. The excise tax on services and product sales provided by Metro facilities remains 7.5 percent. Activities at the Oregon Zoo are specifically exempted by Metro Code; activities at PCPA are excluded by intergovernmental agreement with the City of Portland, the owner of the facilities.

Metro assesses an excise tax on construction permits throughout the region to fund land use planning to make land ready for development. Collections are continuing to improve after declining sharply when building activity fell off during the recession.

Today's Decisions Shape Metro's Future

Each year's budget is a chance to prepare both for the coming year and for the longer term. Preparing for the future is a core element of Metro's charter and organizational culture, and this budget reflects that value. As we look to the future, we remain focused on four things:

Footprint

How big is Metro and are we organized in the best possible way?

The FY 2013-14 budget continues to focus in balancing the resources we have with the need to maintain the talent we have developed. In some areas of the organization, this means we have had to reduce a program or activity and the related staffing. In other areas, the outcome of the May 2013 election will determine whether the region wants us to expand our programs for the period of the levy. As with past budgets, we have critically examined our one-time projects to ensure they have clear one-time objectives so they can reach a successful conclusion. The future of federal transportation funding remains a critical issue for the agency, and we have again "rightsized" both the general planning transportation program and the work unit that does planning for specific corridors.

Focus

Are we focusing on our priorities, applying our expertise in a way that Metro can make the most significant contribution?

The FY 2013-14 budget again applies two tests to our agency's programs to ensure we have the right programs and efforts and are working towards the right outcomes in our region. First, the six desired regional outcomes ensure that we are clear about the ways our work helps make this region a great place. Throughout the agency, the budget reflects this focus – healthier environment, vibrant communities, economic prosperity, clean air and water, opportunity for all citizens, and leadership on climate change. The Metro Compass, too, challenges us to prioritize the things that we are passionate about, that we do best in the world, and that build trust and support with our citizens.

Employee Compact

What is Metro's strategy as an employer?

Metro is fortunate that our employees – non-represented and represented – are well informed about Metro's financial condition and have collaborated with agency leadership on strategies to contain costs and preserve jobs. The proposed budget implements changes in collective bargaining agreements. Metro's Joint Labor-Management Committee is continuing to work on options to increase the sustainability of Metro's health care benefits. Additionally, the implementation of the Affordable Care Act is being done in a way that supports the needs of employees and the operational constraints of our agency.

Resources

Is Metro increasing resources that allow us to deliver services?

The proposed budget anticipates that the voters will approve additional funds for improving the region's natural areas, water quality and fish habitat. Outside of these programs, the budget continues to use public resources to support development in our region's communities. The budget anticipates that the Regional Infrastructure Enterprise will emerge to assist with building the infrastructure that supports Metro's urban growth strategy. The proposed budget also invests in the OCC hotel project, and in capital projects that keep our other enterprises viable.

The proposed budget also includes resources to engage our citizens. The Equity Strategy project in particular will help us work with citizens who traditionally have not been involved at the regional level.

METRO VALUES:
Public Service
Excellence
Innovation
Respect
Teamwork
Sustainability

Public Trust is Key to Public Service

As I said last year, Metro's greatest asset is the confidence of its citizens. As Budget Officer, I am required to develop a balanced budget for your consideration. This proposed budget for FY 2013-14 will continue Metro's legacy as a leader in civic innovation and public service, with a focus on making a great place for all of the region's residents. I am grateful for the work of the department directors in its development and for the opportunity to work with the Metro Council to ensure that this budget is a responsible spending plan that carefully stewards the resources of the agency, not only next year, but also well into the future.

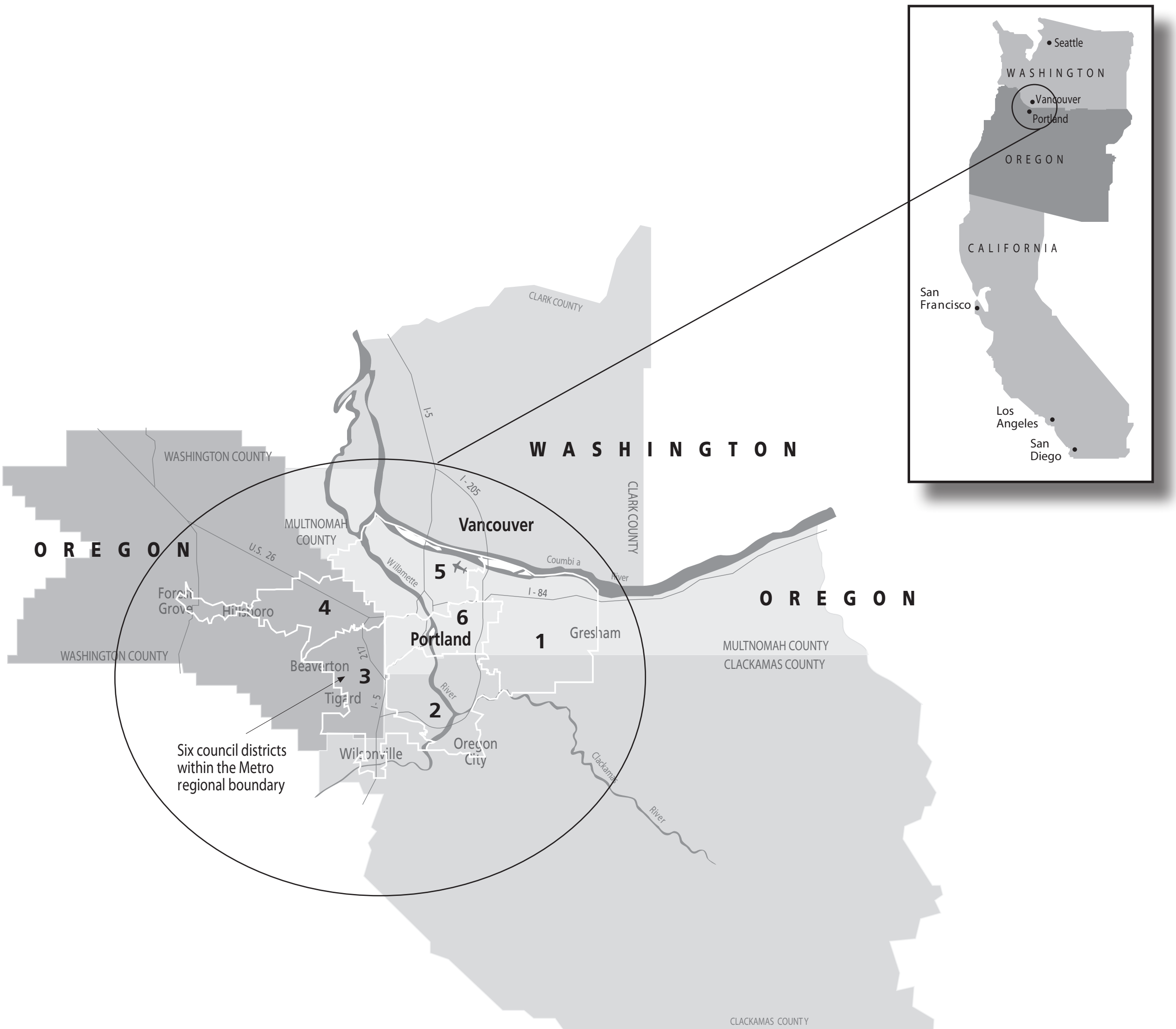
I look forward to your deliberations.

Sincerely,

Martha J. Bennett

Chief Operating Officer.

What is Metro


Seattle
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CLARK COUNTY
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MULTNOMAH COUNTY
Vancouver
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Portland
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Forest Grove
Hillsboro
WASHINGTON COUNTY
Beaverton
3
Tigard
2
Oregon City
Wilsonville
I - 84
I - 205
I-5
217
Willamette
River
Columbia River
Clackamas River
CLARK COUNTY
OREGON
MULTNOMAH COUNTY
CLACKAMAS COUNTY
Six council districts within the Metro regional boundary
CLACKAMAS COUNTY

What is Metro

With its thriving communities, cultural amenities, economic vitality, scenic beauty and healthy natural ecosystems, the Portland region has advantages found in few other cities in the world, advantages that make this a great place to live, work and play. For the region's leaders and citizens alike, nurturing this livability is a constant quest. Metro plays a unique and leading role in that effort.

Metro crosses city limits and county lines to make our communities safe, livable and ready for tomorrow. From protecting our region's air, water and natural beauty to supporting neighborhoods, businesses and farms that thrive, Metro makes this a great place. Metro serves more than 1.6 million residents in Clackamas, Multnomah and Washington counties, and the 25 cities in the Portland metropolitan area. Metro, the only directly elected regional governing body in the United States, is governed by a president, elected region-wide, and six councilors elected by district. Its home rule charter, approved by the voters in 1992 and amended in 2000, grants broad powers, primarily for regional land use and transportation planning, but also for issues of metropolitan concern. The charter also insists that the Metro Council be elected, visible and accountable.

Metro embodies the region's commitment to maintain and enhance the livability and sustainability of the region. A regional approach simply makes sense when it comes to protecting natural areas, caring for parks, planning for the future of our neighborhoods, managing garbage disposal and increasing recycling. Metro manages world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

HISTORY

Metro was first formed in 1979 when voters approved the merger of the Columbia Region Association of Governments with the Metropolitan Service District. CRAG was responsible for land use and transportation planning, and the Metropolitan Service District provided regional services that included management of the solid waste and operation of the region's zoo. An elected council and an elected executive officer governed the new Metropolitan Service District. The Metro Council had the combined authorities of the two merging agencies and additional powers.

Over the years the Oregon Legislature, with the concurrence of the jurisdictions in our region, has assigned additional responsibilities to Metro. In 1980 Metro became responsible for regional solid waste disposal when it took over operation of one existing, publicly owned regional landfill and began construction of a solid waste transfer station. In 1986 voters approved general obligation bond funding for the Oregon Convention Center, to be built and operated by Metro. In 1990 Metro assumed management responsibility for the Portland Center for the Performing Arts, Portland Civic Stadium and Portland Memorial Coliseum (Metro no longer manages the stadium nor coliseum). Metro assumed management responsibility for the Multnomah County parks system and the Portland Expo Center in 1994. Ownership of these facilities was officially transferred to Metro in1996.

CHARTER APPROVAL

Metro's home rule charter was approved by voters in 1992. Prior to that, 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 that authority first had to be approved by the Legislature.

With the growth of the region, and Metro's increasingly important role, voters were asked whether the power and authority of the regional government should be controlled directly by the voters of the region and not the state. 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 the amendment and a charter committee was formed shortly thereafter. In 1992 Metro's charter was referred to and approved by the voters. 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 regional government organized under a home rule charter approved by voters.

In 2000 voters in the region approved an amendment to the Metro Charter abolishing the position of an elected executive officer. On Jan. 6, 2003, a new regionally elected Metro Council President absorbed or delegated the authorities and functions previously vested in the executive officer.

REGIONAL LEADERSHIP AND SERVICE

Self-sufficiency

About half of Metro's operating revenues come from fees paid by customers for the use of Metro's facilities or for services such as recycling and solid waste disposal. Other revenues include grants, intergovernmental funds, property taxes for voter-approved bond issues and a small permanent tax base ($11.7 million), which is allocated annually through the budget process.

Making a great place

Metro has emerged as a leader of regional initiatives – a collaborative partner, facilitator, technical assistance provider, process manager and advocate. For example, Metro's Making a Great Place initiative demonstrates how new and renewed urban centers can integrate housing, shopping, businesses and recreation with pedestrian-friendly streets and easy access to transportation. Metro has also involved regional homebuilders in the Nature in Neighborhoods program, teaching them how to develop projects that minimize water runoff and impacts on natural areas. Metro and its county partners recently reached an historic collaborative agreement to guide the future growth of the region for the next 50 years, setting aside 28,000 acres for future development if needed and protecting 270,000 acres of farms, forests and natural areas.

Metro provides a rich mix of the region's public places where people are invited to gather to enjoy recreation, education and entertainment. The Metro Council appoints the Metro Exposition Recreation Commission to advise the Council and oversee public assembly facilities including the Oregon Convention Center, Portland Center for the Performing Arts and Portland Expo Center. These venues host hundreds of events each year, drawing millions of people.

Metro every day

Metro policies, programs and services are woven into the fabric of the region's life. They are the common threads that connect neighborhood wetlands, the Portland Expo Center antique shows, penguins at the Oregon Zoo, recycled newspapers, extensive bike paths and live symphony performances at the Arlene Schnitzer Concert Hall.

Additionally, Metro has been a leading player in preserving and expanding the natural areas available to the people of our region. This includes an interconnected system of parks, trails and greenways. Today, Metro's inviting system of regional parks and natural areas includes Smith and Bybee Wetlands Natural Area, a 2,000-acre freshwater wetland in North Portland, and Oxbow Regional Park, a 1,200-acre forested natural area on the Sandy River east of Gresham. In 2010 Metro acquired 1,143 acres of forestland in the Chehalem Mountains of the Tualatin Valley – the largest acquisition in the history of the Metro region's two voter-approved natural area bond measures. The new Chehalem Ridge Natural Area is one of the metropolitan area's biggest remaining swaths of undeveloped forest. At about the size of Oxbow Regional Park, the property is positioned to protect water quality and wildlife habitat in the Tualatin River Basin and serve as a scenic and recreational resource for the region.

Regional Planning and Stewardship

Metro has a primary responsibility for regional land use and transportation planning. The centerpiece of this responsibility is the 2040 Growth Concept. It guides management of the urban growth boundary, efficient use of land, protection of farmland and natural areas, a balanced transportation system, a healthy economy and diverse housing options. Metro has recently completed a three-year engagement process with its regional partners and the public to update the 2040 Plan. This plan update forged unprecedented agreements that determine the location and scale of urban development for the next 50 years. These same agreements determine which natural features are protected from development and which lands the region believes are most valuable maintained as farms and forests over that same time period.

Green Choices

Metro's concern for sustainability goes beyond what is integrated in conservation, recycling and regional planning programs. Metro also teaches the community about green choices in building and street design and natural gardening and recycling as ways to improve quality of life and leave a smaller environmental footprint. This is done through partnerships, seminars, publications, demonstration projects, clinics, tours and in-school presentations for teachers and students.

Waste Management and Recycling

Metro manages the region's solid waste system, which includes a renowned curbside residential recycling program. The agency owns and operates two solid waste and recycling transfer stations, which have household hazardous waste facilities. Metro also offers a toll-free recycling hotline, which helps people learn to recycle everything from yard debris to old paint.

Metro Charter

A home rule charter defines Metro's structure, assigns its working priorities and grants the power necessary to achieve its 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 that was responsible for the policy direction of 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 Jan. 6, 2003, the Council and Executive offices were consolidated. Under the new structure, the number of districts and the number of Councilors were 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 is appointed by the Council President with Council consent and is responsible for day-to-day management of Metro.

The Metro charter also created the elected position of Metro Auditor. The Metro Auditor is responsible for engaging Metro's independent, outside financial auditor and for conducting performance and 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 on June 15, 1995.

State law requires Metro to develop regional land-use goals and objectives. The Metro Council adopted Regional Urban Growth Goals and Objectives (RUGGO) in 1991. RUGGO provided a policy framework for guiding Metro's regional planning program and established a process for coordinating local planning in the region to maintain the region's livability.

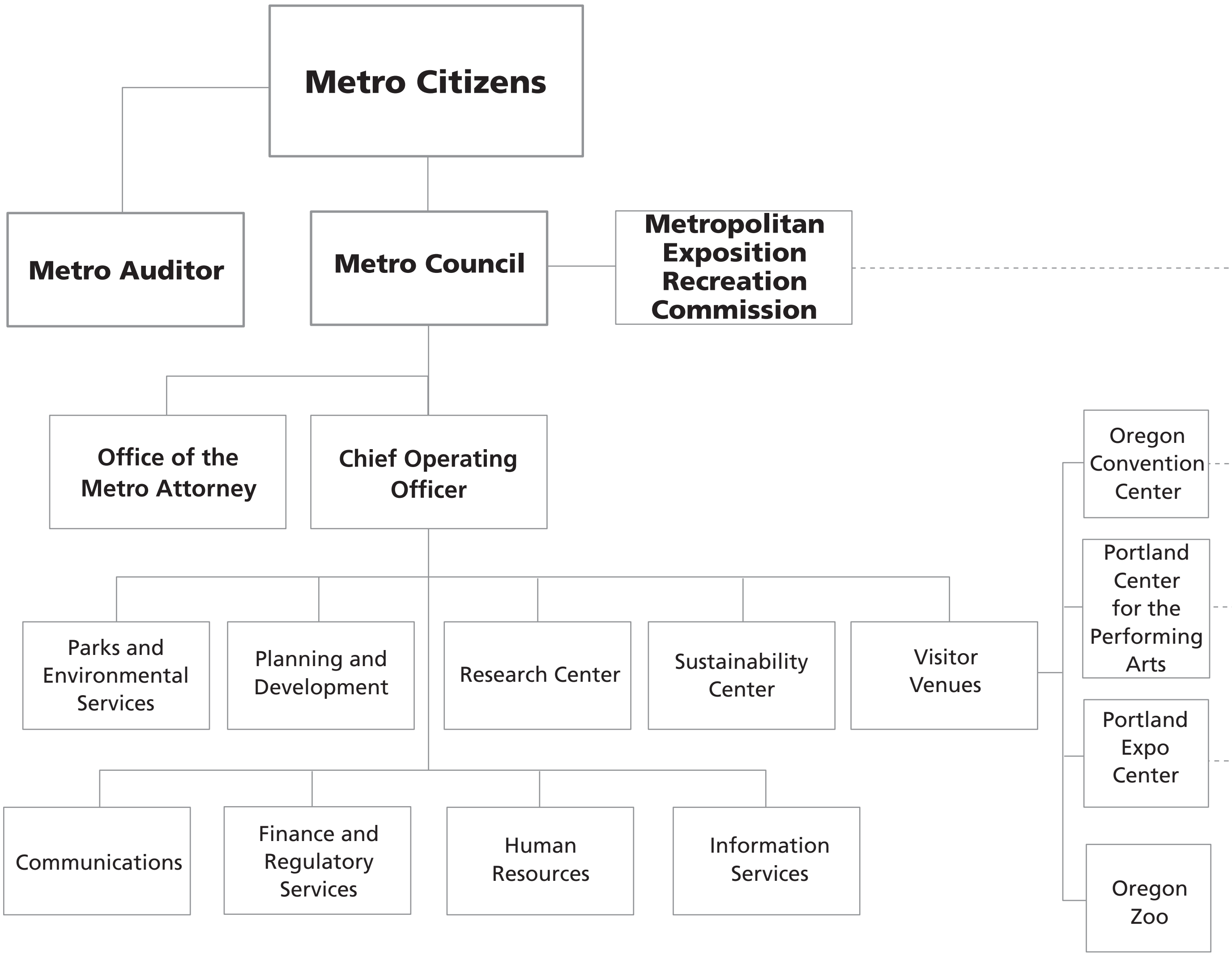
In December 1995 the Metro Council adopted the 2040 Growth Concept which encourages compact development near existing or future transit centers to reduce land consumption. The concept encourages preservation of existing neighborhoods and identifies rural reserves as areas not subject to urban growth boundary expansion to serve as buffers between urban areas. The growth concept sets goals for providing permanent open space areas inside the urban growth boundary and recognizes that neighboring cities will grow and that cooperation is necessary to address common issues. On Dec. 11, 1997, the Council adopted the more detailed Regional Framework Plan (incorporating RUGGO), which specifies how the region will implement the 2040 Growth Concept.

In June 2010 elected leaders from Clackamas, Multnomah and Washington counties and Metro worked together to identify the best places for future growth in the region and the most important lands to protect from development for the next half century. Because of the collaborative work, 266,954 acres of farms, forests and natural areas were set aside as rural reserves and 28,615 acres of land best suited for future urban development were designated as urban. This unprecedented agreement provides certainty for people on both sides of the urban growth boundary.

Although the charter makes regional land use planning Metro's primary responsibility, it also recognizes the significant role Metro has in other regional issues such as solid waste disposal, and the operation and development of regional recreation and visitor 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 allows Metro to work with local jurisdictions as needed to develop common solutions to problems that may exceed local boundaries and may be more 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 authority to ask voter approval for broad-based revenue sources. These sources include traditional revenues such as property tax, sales tax or income tax. The charter grants Council authority to adopt taxes of limited applicability without a vote of the people. The charter requires the Council to appoint a citizen review committee when it is considering the adoption of a new limited tax. 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 this budget). Metro's FY 2013-14 budget authorizes approximately 93 percent of the expenditure limitation, funded by excise tax and construction excise tax. The charter grants Metro the authority for levying fees and charges for services it provides on an enterprise basis.



Elected officials	Position	Service began	Current term expires
Tom Hughes	Metro Council President	January 2011	January 2015
Shirley Craddick	Councilor- District 1	January 2011	January 2015
Carlotta Collette	Councilor- District 2	November 2007	January 2015
Craig Dirksen	Councilor- District 3	January 2013	January 2017
Kathryn Harrington	Councilor- District 4	January 2007	January 2015
Sam Chase	Councilor- District 5	January 2013	January 2017
Bob Stacey	Councilor- District 6	January 2013	January 2017
Suzanne Flynn	Metro Auditor	January 2007	January 2015

Organizational Structure

Metro's organizational structure includes three offices (Metro Council, Metro Auditor and Metro Attorney), Visitor Venues (Oregon Convention Center, Portland ExpoCenter, Portland Center for the Performing Arts and Oregon Zoo) and eight departments (Parks and Environmental Services, Planning and Development, Research Center, Sustainability Center, Communications, Finance and Regulatory Services, Human Resources and Information Services).

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, Government Affairs and Policy Development and the Community Investment Initiative. 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.

Metro Auditor

The elected Auditor and staff make up the Office of the Metro Auditor. The Auditor is responsible for engaging the external financial auditing firm while focusing staff efforts on performance audits.

Office of Metro Attorney

The Office of Metro Attorney provides legal services to the Council, Chief Operating Officer, Auditor and Metro departments. This office includes the due diligence portion of the regional Open Spaces and Natural Areas acquisition programs.

Visitor Venues

A visitor venues group, including the Oregon Convention Center, the Portland Center for the Performing Arts, the Portland Expo Center and the Oregon Zoo, reports to the General Manager of Visitor Venues. Nearly two-thirds of the permanent and part time staff at Metro are in the business of providing direct service to venue customers, and the four visitor venues are similar in the enterprise activities, services, customers and skills needed for success. An executive management team consisting of the four venue directors focuses on how best to apply strategies, resources and staff strengths to benefit all Metro's enterprise venues. The General Manager plays a leadership role in maintaining and improving Metro's relationships with the City of Portland and Multnomah County; non-profit conservation and education groups; and private sector partners in the lodging and rental car industries.

MERC Venues

The Metro Exposition Recreation Commission (MERC) was established in 1987 and provides citizen oversight for the Oregon Convention Center, the Portland Center for the Performing Arts (PCPA) and the Portland Expo Center (Expo). 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 advises the General Manager and Metro's COO. The commissioners are appointed by Metro to serve four-year terms. While the visitor venues will benefit from guidance from the Metro Exposition Recreation Commission, the commission does not oversee the Oregon Zoo.

Oregon Zoo

The Oregon Zoo contributes significantly to the livability of the Portland metropolitan area and provides important conservation education learning opportunities to people of all ages. The zoo strives to motivate people to care and act on behalf of wildlife by offering opportunities for observation, discovery and engagement. 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 state's top paid attraction, the zoo draws approximately 1.6 million visitors annually.

Parks and Environmental Services

Parks and Environmental Services manages Metro's parks, natural areas, solid waste facilities and the Metro Regional Center. Parks and natural areas management focuses on the provision of accessible regional open spaces, parks and trails, including Metro's cemeteries, golf course and marine facilities. The service also manages the region's solid waste in an effective, economical and environmentally sound manner, overseeing the operation of two Metro-owned regional solid waste transfer stations, operating two householdhazardous waste facilities, managing contracts for the transport and disposal of waste brought to the regional transfer stations and developing the Regional Solid Waste Management Plan.

Planning and Development

Planning and Development facilitates the creation of great places in centers and corridors and throughout the region. It manages the regional urban growth boundary, the primary urban growth management tool mandated by state land-use planning laws. Planning and Development 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.

Research Center

The Research Center supports the Metro Council, Metro staff, external clients and the public by providing information, mapping and technical services to support public policy and regulatory compliance. The center coordinates data and research activities with government partners, academic institutions and the private sector. In addition, the regional economic and travel forecasts provided by the Research Center meet federal and state requirements for consistent, accurate and reliable data and forecasting tools.

Sustainability Center

The mission of the Sustainability Center is to demonstrate and inspire sustainable stewardship of the region's natural resources. The center focuses on the provision of accessible natural areas, parks and trails and the maintenance and enhancement of environmental quality. It also promotes sustainable management of resources through waste reduction initiatives, youth and adult education and volunteer opportunities, grants and demonstration projects.

Communications

Communications provides communication services to advance Metro Council policy initiatives and Metro organizational unit-led planning and stewardship efforts, public education campaigns, facilities and services. The disciplines represented range from media relations, journalism, marketing, graphic design and web design through event planning and issue management. It also provides support to the Metro Committee for Citizen Involvement.

Finance and Regulatory Services

Finance and Regulatory Services provides financial management services for Metro's elected officials, operating departments, employees and the public. FRS includes Accounting, Budget and Financial Management, Procurement, Risk Management, Solid Waste Compliance and Cleanup and Solid Waste Policy and Compliance. It provides accounting services for the agency; coordinates the preparation, monitoring, and implementation of the agency's annual budget and five-year capital budget; 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; regulates solid waste facilities; and directs solid waste rate setting and tax compliance.

Human Resources

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

Information Services

Information Services supports Metro's vision, goals and business processes by providing technology based leadership, consulting and direct services. This is accomplished through the support and development of enterprise, operational and custom applications, records management and management of Metro's network infrastructure, as well as development of policies and procedures for access to information within the agency.

METRO ADVISORY COMMITTEES

Metro's charter requires three advisory committees:

Metro Policy Advisory Committee: A 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: A citizen committee assisting in the development, implementation and evaluation of Metro's citizen involvement activities and advising on ways to involve citizens in regional planning activities.

Metro Exposition Recreation Commission: Made up of business and civic leaders committed to the region's cultural and economic vitality, the Metro Exposition and Recreation Commission works to protect the public investment in Metro's visitor venues.

METRO BOND OVERSIGHT COMMITTEES

Both the 2006 Natural Areas Bond and the 2008 Oregon Zoo Infrastructure and Animal Welfare Bond programs include an oversight committee requirement. The Natural Areas Program Performance Oversight Committee includes citizens from throughout the region representing the fields of finance, auditing, accounting, real estate, banking, grant making and law. The 15-member committee is charged with providing the Metro Council and the citizens of the region an independent, outside review of the program in order to help Metro achieve the best results for clean water, fish, wildlife and future generations.

The Oregon Zoo Bond Citizens' Oversight Committee was created to provide a third-party review of the voter approved Oregon Zoo Infrastructure and Animal Welfare Bond program to the Metro Council and citizens. The committee looks at how decision-making occurs and how business is conducted, as well as determines whether the program is on the right path in terms of structure, management, expenditures, personnel and achievement of defined goals. Members include professionals with experience in construction, sustainability, animal welfare, labor, finance, public budgeting and auditing, and general business.

Metro milestones

1979 Columbia Region Association of Governments combines with the Metropolitan Service District to form Metro. Functions include solid waste and transportation planning, zoo operations and management of the urban growth boundary.

Joint Policy Advisory Committee on Transportation 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 to replace the St. Johns Landfill and serve the Portland metropolitan region.

Voters approve tax base for the Metro Washington Park Zoo.

Metro issues $28.5 million in solid waste revenue bonds to construct the Metro East Transfer Station (now named Metro Central Transfer Station).

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 amendment to the Oregon Constitution allowing creation of a home-rule regional government in the Portland metropolitan region and the creation of a charter committee.

1991 Metro Central Transfer Station opens.

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 Expo Center.

Region 2040 Concept Plan adopted.

1995 New seven-member Metro Council, Executive Officer and Auditor take office under home rule charter.

Voters approve $135.6 million general obligation bond measure to acquire and protect open spaces, parks and streams.

2040 Growth Concept and Future Vision adopted.

1996 Transfer of ownership of the Multnomah County Parks and Portland 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 Open Spaces bond acquisition: 2,323 acres.

1998 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 Open Spaces bond acquisition: 4,400 acres.

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, setting a new attendance record of 1.2 million visitors.

2001 The reconstructed Expo Hall D opens, adding 72,000 feet of modern exhibit space, new meeting rooms and a full service commercial kitchen. Expo 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.

2002 Election of new Council President reflecting changes to the Charter adopted by the voters in November 2000.

2003 On Jan. 6, 2003, a new regionally elected Council President absorbs or delegates 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 first endangered California Condors arrive at the Oregon Zoo's Condor Creek Conservation Facility.

2004 Oregon Zoo opens Eagle Canyon Exhibit and the Trillium Creek Family Farm, completing Phase IV of the Great Northwest Project.

2005 Tusko, a 13,500-pound, 33-year-old male Asian elephant arrives to join Packy and Rama in the Oregon Zoo's bull elephant group.

2006 Construction Excise Tax collections begins on July 1, 2006.

Voters approve a $227.4 million bond measure directing Metro to purchase natural areas, parks and streams.

2007 Metro achieves a bond rating of Aaa from Moody's Investors Service as well as a re-affirmation of its AAA rating from Standard & Poor's.

The Oregon Legislature approves Senate Bill 1011, enabling Metro and the counties of the region to establish urban and rural reserves that provide greater predictability regarding where future growth may be accommodated and what valuable farm and forestland will be protected.

2008 Metro opens Mt. Talbert nature park, which stretches from Portland's Rocky Butte southward to the Clackamas River. Mt. Talbert is the largest of the undeveloped buttes in northern Clackamas County.

2009 Cooper Mountain, a restored 231-acre nature park complete with nature house and three and a half miles of trails, opens to the public.

Metro Council extends the construction excise tax for an additional five years, to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary.

The zoo opens the *Predators of the Serengeti* exhibit, bringing lions back to the zoo.

2010 Metro collaborates with counties, cities and a wide variety of stakeholders to reach agreements on the Urban and Rural Reserves that protect 270,000 acres of farms, forests and natural areas and provide up to 28,000 land for growth if needed.

Zoo *Red Ape Reserve* exhibit opens.

Metro opens Graham Oaks nature park which contains three miles of trails traversing 250 acres of restored oak woodland habitat, a conifer forest, wetlands, five creeks, interpretative plazas and scenic overlooks, a picnic area and the beginning of the regional Tonquin Trail, which will eventually connect Wilsonville, Tualatin and Sherwood.

2011 Metro Council adopts Community Investment Strategy and capacity ordinance to set the stage for meeting the region's 20-year growth needs.

The Portland Expo Center opens West Delta Bar and Grill, providing needed onsite food services to visitors.

2012 Oregon Zoo opens new Veterinary Medical Center in January. The center is the first major new facility to be completed with funding from the community-supported Oregon Zoo Bond.

The Oregon Convention Center's outdoor plaza opens between Grand Avenue and Martin Luther King Jr. Boulevard, providing an open space for outdoor events in the Lloyd District.

The Oregon Zoo was granted a conditional use approval for its elephant habitat, releasing $58 million in bonds for construction activity.

Metro's AAA bond rating was reaffirmed and the regional government was issued $140 million of general obligation bonds, receiving a $25 million premium.

2013 Flamingo Aviary opens at the Oregon Zoo.

Voters in the Metro region approve the five-year Parks and Natural Areas Local Option Levy. This levy is directed toward operating and maintaining regional parks and more than 16,000 acres of natural areas held by Metro, including streams, river frontages, wetlands, prairies, forests and more.

Budget summary

Budget Environment

Since 2008 Metro has relied on its financial discipline to weather the national recession. Operating revenues have been generally slow-growing or flat while costs have continued to increase. Focus and financial sustainability for the future have guided decision-making.

An important tool for building Metro's budget is the five-year forecast for its primary operating funds: the General Fund, the Metropolitan Exposition Recreation Commission (MERC) Fund and the Solid Waste Revenue Fund. Each budget cycle begins with a review of how the funds are performing, what factors affect the funds in the same way and become the global assumptions, and what factors are related to the nature of the operations and need individual assumptions.

Global labor assumptions

Most labor costs affect the primary funds in the same way. There are some differences in individual collective bargaining agreements which are implemented and carried throughout the forecast period; benefit costs follow the same assumptions. With strategic foresight and the help of our labor organizations in FY 2011-12, Metro did blunt its rise in labor costs. However, after two years of little or no increase in the Consumer Price Index (the escalator index for most labor agreements), base wages will rise over the next five-year period.

The current Public Employee Retirement System (PERS) sets rates for a two-year period, marking July 2013 and July 2015 as the next rate adjustment dates. To help mitigate the expected future increases Metro established a PERS reserve, funded by capturing a temporary rate decrease from a prior period. These reserves, pooled from all operating funds, are being applied over the five-year period to reduce pension bond debt service payments. Over the course of the five-year period departments will resume making the debt service payments as an ongoing operational cost. In addition, new non-represented employees began paying the 6 percent employee share of PERS in July 2011; new AFSCME 3580 members began paying in July 2012, joining LIUNA members who have been paying this share for many years.

Metro has also implemented a specific cost sharing formula for its health insurance programs: non-represented employees pay an 8 percent share while most bargaining units pay a 6 percent share. This change is intended to influence the design of future benefit plans where cost savings can be shared. Nevertheless, health insurance costs continue to rise over the forecast period.

Global operating assumptions

The principles of Metro's financial policies are followed throughout the five-year forecasts. Limited duration positions have been eliminated as scheduled; no additional positions are included. A factor for historic under spending is included in the forecast. In the absence of contractual escalators tied to specific indices, general inflationary increases are modest and uniform. Each operating fund must budget for prudent contingency and stabilization reserves. Annual renewal and replacement contributions are required, reflecting Metro's commitment to care for its assets. New capital spending is included only if it has been included in the five-year Capital Improvement Plan.

Unique operating assumptions

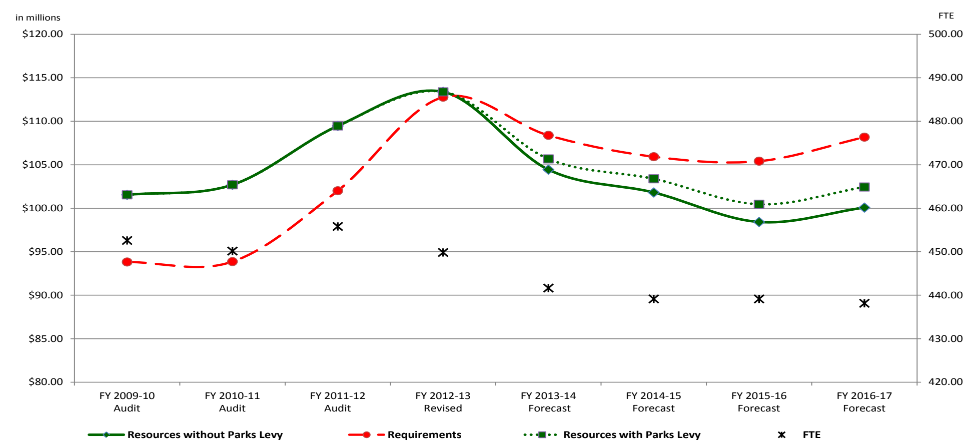
Each fund also has assumptions unique to its operations. Factors such as general and specialized taxes, federal and state grant funding, tonnage or attendance-driven enterprise activity impact the funds differently. Interest earnings calculations remain historically low and are applied uniformly. The visitor venues are more sensitive to utility costs, food and beverage margins or per capita spending. Planning and Development is experiencing constraints tied to uncertainties about transportation funding at the national level. The unique assumptions are addressed in the individual forecasts.

Understanding the importance of the forecasts

The purpose of the forecasts is not to display a balanced budget in all future years. The purpose is to identify vulnerabilities, highlight trends and provide a line of sight to guide decision-making. The forecasts serve as an early warning system and confirm that without continued strategic decision making, the current plan will not be sustainable. For the General Fund it confirms that today's circumstances are not temporary and cannot be addressed with temporary measures and minimal trimming around the edges. The five-year forecast keeps us focused on how decisions today set the path for future choices.

General Fund

General Fund five-year forecast



The General Fund has more complex challenges because of its mix of enterprise, grant and general governance activities. The Oregon Zoo is becoming increasingly, but not entirely, able to meet its direct operating costs; the developed parks and new natural areas coming into the parks system are becoming more dependent on general support. Planning and Development is heavily reliant on federal transportation funding for general transportation system planning and for specific project planning, both areas where federal support has flattened or declined, now and for the foreseeable future. The Council has committed significant one-time general resources to complete the important policy framework for the 2040 Growth Concept, the plan intended to guide growth and development over 50 years. With this work completed, and with little or no growth in discretionary revenues, the General Fund needs recalibrating for the future.

Most noticeable is the reduction in FTE next year. Limited duration positions for project-specific work, both grant funded positions and those funded with special one-time discretionary resources, are concluded in June 2013 as scheduled. Other long-term grant funded positions are reduced because of diminishing federal transportation grant funds. A small number of positions are reduced through operating efficiencies. At the same time total personnel costs for FY 2013-14 changed slightly and increase over the forecast period under the global labor assumptions of increasing wages, increasing health benefits and increasing pension costs.

The General Fund includes three important discretionary revenues virtually unchanged from FY 2012-13: property tax ($12 million), general excise tax ($15 million) and interest earnings. These are the resources that the Council can direct by choice to any general purpose. Throughout the forecast period property taxes maintain their solid collection rate but grow less than 3 percent annually because of the decreasing ratio of real market value to assessed value and increasing compression under the state's property tax limitation statutes. Excise tax is established in Metro code and grows at the rate of the Consumer Price Index. Over the forecast period excise tax does grow modestly. Interest earnings, once a significant discretionary revenue source, are constrained by the low market rates. The General Fund also includes the construction excise tax which has been recovering to pre-recession levels and is expected to increase modestly over the forecast period. The construction excise tax is a dedicated tax used to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary. In May 2013 the Metro region voted to approve the Parks and Natural Areas local option levy. The five-year long levy will generate an estimated $10 million annually for Parks and Natural Areas operations.

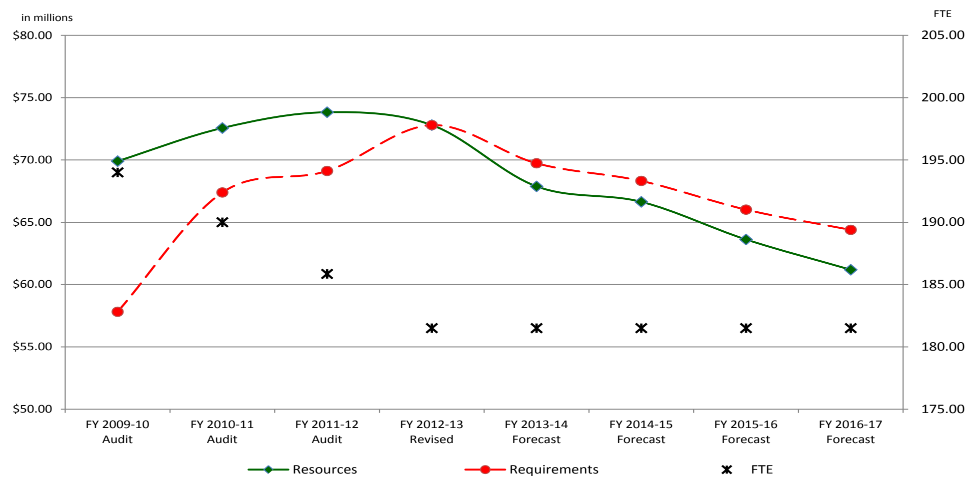
Enterprise revenues in the General Fund are generated by the Oregon Zoo and, to a lesser extent, by parks programs. The zoo continues to experience record attendance which will remain high over the forecast period despite on-site construction throughout. Per capita spending will improve modestly, and the zoo forecasts two small fee increases: one was implemented in 2013 and another to be implemented in 2015. Parks revenues will be mostly flat over the forecast period with one major exception. Metro entered into a new operations contract for the Glendoveer Golf Course in January of 2013; this budget represents the first full year of full revenues and expenses. Revenues are expected to remain suppressed initially. Metro will continue to make new capital investments at the site.

Uncertainties about federal transportation funding are expected to persist. Discretionary federal funding for general system planning, the Regional Transportation Plan and the Metropolitan Transportation Improvement Program, has not increased. Project specific planning dollars for corridors is declining. The forecast reflects only those resources that are committed.

The forecast illustrates the application of one-time resources accumulated in one year to one-time spending, usually in a later year. Earlier multi-year special allocations were committed to urban and rural reserves and climate change start up; current multi-year allocations include programs such as Community Investment Initiative, Metro Export Initiative and the Greater Portland Pulse. For the General Fund the five-year forecast reminds us of the need to be proactive, not reactive, to challenges that we see in the future years. The budget reduces some programs, activities and staffing to meet the available resources and to avoid more severe reductions in the future. Combined, the steps taken in FY 2012-13 and FY 2013-14 have reduced the five-year gap by half. The forecast suggests that additional adjustments will be required in future years unless revenues improve more quickly than expected. Unique to the General Fund is Metro's charter limitation, a limit on excise tax spending, adjusted annually by the Consumer Price Index. This limit includes spending of both general excise tax as well as construction excise tax. The budget and the forecast years do not exceed the spending limit.

Metropolitan Exposition Recreation Commission Fund

Metropolitan Exposition Recreation Commission Fund Five-year forecast

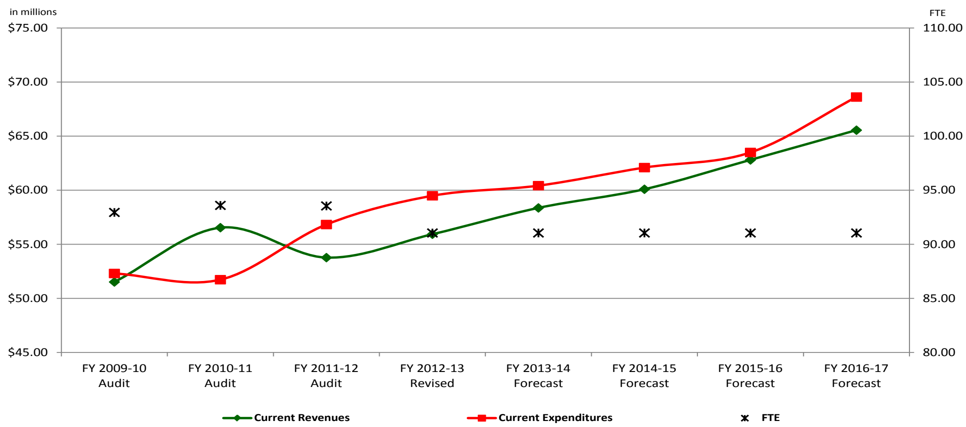


The Metropolitan Exposition Recreation Commissin (MERC) Fund demonstrates the lag time phenomenon between bookings and economic changes. The Oregon Convention Center is particularly sensitive to national economic conditions that shape convention bookings years into the future, drive competition and pressure profit margins. As the recession commenced in 2008, rental revenue from conventions booked prior to the 2008 recession continued, although food and beverage margins began to decline, and transient lodging taxes fell more sharply. Transient lodging tax is now returning to the 2008 levels and showing modest growth throughout the forecast, while convention bookings are continuing to improve.

Revenues throughout the forecast reflect only those bookings that are confirmed. Transient lodging tax recovers to the pre-recession levels, and then grows modestly throughout the forecast. Food and beverage margins are based on current performance and maintained throughout. Revenues and expenditures directly related to event activity rise and fall with bookings. Fixed costs, facility maintenance and capital improvements require operational support from public resources, primarily transient lodging taxes. In the last four years of the forecast, major capital projects spend down reserves accumulated prior to FY 2013-14. The Oregon Convention Center also began repaying a $2.2 million loan to the General Fund for its streetcar assessment at a rate of about $232,000 per year, beginning in FY 2012-13.

The five-year forecast keeps us focused on marketing and pricing strategies for the future. Among those strategies is a key Council initiative for FY 2012-13 and continuing into 2013-14, a renewed effort to find a solution to the persistently identified need for a large hotel room block to boost convention bookings.

Solid Waste Revenue Fund Five-year forecast



The Solid Waste Revenue Fund display differs from the other forecasts because it includes only current revenues and current expenditures. It does not include the fund balance as a resource. We excluded the large fund balance because sizeable portions are restricted to landfill closure and environmental impairment responsibilities which will occur outside the five-year window.

The Council sets rates to fund the current expenditures of the Solid Waste Revenue Fund, balancing the public's interest in its facilities with the pocketbook issues of its rate payers. Tonnage declined slightly in 2007, more significantly in 2008 and has remained low through FY 2012-13, but is beginning to increase. Actual core tonnage will remain nearly flat before beginning to rise modestly in the last half of the forecast. The forecast indicates that rates will also rise throughout the five year period, the result of increasing labor costs for the programs Metro operates, and contractual escalator provisions for transfer, transport and disposal. Since tonnage generally increased in those years before the debt was retired, Metro was able to accumulate sufficient resources to fund future capital improvements without impacting rates. In forecast years where expenditures exceed current revenue, this represents planned capital spending. In FY 2013-2014 it is anticipated that some reserves will be used to limit the increase in the rates. In the final year of the forecast, all capital projects currently identified in the five-year CIP will be performed, realigning resources and expenditures.

The five-year forecast suggests that the per-ton cost for disposal has and will continue to increase even with fewer tons being disposed. Contractual costs and fixed costs are being spread over a smaller base. The Solid Waste Road Map discussions are examining how changes in the waste stream, increased residential organics diversion and new technology approaches to handling the waste fit into the regional system.

BEFORE THE METRO COUNCIL

ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR FY 2013-14, MAKING APPROPRIATIONS, LEVYING AD VALOREM TAXES, AND AUTHORIZING AN INTERFUND LOAN	)))))	ORDINANCE NO. 13-1300A Introduced by Martha Bennett, Chief Operating Officer, with the concurrence of Council President Tom Hughes

WHEREAS, the Multnomah County Tax Supervising and Conservation Commission held its public hearing on the annual Metro budget for the fiscal year beginning July 1, 2013, and ending June 30, 2014; 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 2013-14 Metro Budget," in the total amount of FOUR HUNDRED NINETY MILLION SIX HUNDRED THIRTY FIVE THOUSAND FIVE HUNDRED SEVEN ($490,635,507), 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 ONE THOUSAND DOLLARS ($1,000) of assessed value for operating rate levy; at the rate of $0.0960 per ONE THOUSAND DOLLARS ($1,000) of assessed values for local option rate levy and in the amount of THIRTY SEVEN MILLION SIX HUNDRED SEVENTY NINE THOUSAND FOUR HUNDRED NINETY SEVEN ($37,679,497) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2013-14. 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
Operating Tax Rate Levy	$0.0966/$1,000	
Local Option Tax Rate Levy	$0.0960/$1,000	
General Obligation Bond Levy		$37,679,497

3. In accordance with Section 2.02.040 of the Metro Code, the Metro Council hereby authorizes positions and expenditures in accordance with the Annual Budget adopted by Section 1

of this Ordinance, and hereby appropriates funds for the fiscal year beginning July 1, 2013, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

4. The Parks and Natural Areas Local Option Levy Fund is hereby created for the purpose of accounting for property taxes received under the local option levy authorization approved by the voters of the Metro region on May 21, 2013. Major revenue source for the fund includes but is not limited to property taxes. In the event of the elimination of this fund, any fund balance remaining shall revert to the General Fund.

5. An interfund loan from the Solid Waste Revenue Fund to the Natural Areas Local Option Levy Fund in an amount not to exceed $5.0 million is hereby authorized. The loan will be made to provide cash flow for authorized levy expenditures prior to the receipt of the first tax revenues in November/December 2013. The loan, including interest at a rate equal to the average yield on Metro's pooled investments, will be repaid from the Natural Areas Local Option Levy Fund prior to June 30, 2014.

6. An interfund loan from the General Fund to the MERC Fund in an amount not to exceed $2.2 million is hereby authorized. The loan will be made to provide financing of the Eastside Streetcar Local Improvement District assessment on the Oregon Convention Center. The loan, including interest at a rate equal to the average yield on Metro's pooled investments, will be repaid from Oregon Convention Center revenues and/or reserves. Repayment will be over a period not to exceed ten years beginning FY 2013-14 and provide for a minimum of $220,000 annual principal payments due no later than June 30th of each fiscal year

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

8. 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, 2013, 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 20th day of June 2013.

Tom Hughes, Council President

ATTEST:

Kelsey Newell, Recording Secretary

Approved as to Form:

Alison Kean Campbell, Metro Attorney

Schedule of Appropriations

	Adopted Budget
GENERAL FUND	
Communications	2,701,648
Council Office	3,938,637
Finance & Regulatory Services	4,628,354
Human Resources	2,219,337
Information Services	3,915,095
Metro Auditor	725,382
Office of Metro Attorney	2,061,480
Oregon Zoo	31,585,451
Parks & Environmental Services	8,818,344
Planning and Development	14,216,023
Research Center	3,644,374
Sustainability Center	3,916,131
Special Appropriations	5,350,265
Non-Departmental	
Debt Service	1,720,071
Interfund Transfers	7,146,409
Contingency	4,290,572
Total Appropriations	100,877,573
Unappropriated Balance	15,946,701
Total Fund Requirements	**$116,824,274**
GENERAL ASSET MANAGEMENT FUND	
Asset Management Program	10,018,546
Non-Departmental	
Contingency	2,785,481
Total Appropriations	12,804,027
Unappropriated Balance	686,312
Total Fund Requirements	**$13,490,339**
GENERAL OBLIGATION BOND DEBT SERVICE FUND	
Debt Service	36,347,675
Unappropriated Balance	146,450
Total Fund Requirements	**$36,494,125**
GENERAL REVENUE BOND FUND	
Debt Service	2,869,322
Unappropriated Balance	5,393
Total Fund Requirements	**$2,874,715**
MERC FUND	
MERC	47,913,967
Non-Departmental	
Interfund Transfers	5,131,804
Contingency	10,979,029
Total Appropriations	64,024,800
Unappropriated Balance	8,770,342
Total Fund Requirements	**$72,795,142**
NATURAL AREAS FUND	
Sustainability Center	35,247,915
Non-Departmental	
Interfund Transfers	1,885,809
Contingency	20,000,000
Total Appropriations	57,133,724
Unappropriated Balance	9,129,631
Total Fund Requirements	**$66,263,355**
NATURAL AREAS LOCAL OPTION LEVY FUND	
Oregon Zoo	297,413
Parks & Environmental Services	2,296,544
Sustainability Center	5,227,100
Special Appropriations	750,000
Non-Departmental	
Interfund Transfers	929,953
Contingency	715,760
Total Appropriations	10,216,770
Unappropriated Balance	0
Total Fund Requirements	**$10,216,770**
OPEN SPACES FUND	
Sustainability Center	643,064
Total Fund Requirements	**$643,064**

	Adopted Budget
OREGON ZOO INFRASTRUCTURE AND ANIMAL WELFARE FUND	
Oregon Zoo	25,765,168
Non-Departmental	
Interfund Transfers	242,153
Contingency	5,200,000
Total Appropriations	31,207,321
Unappropriated Balance	35,371,118
Total Fund Requirements	**$66,578,439**
CEMETERY PERPETUAL CARE FUND	
Unappropriated Balance	445,067
Total Fund Requirements	**$445,067**
REHABILITATION & ENHANCEMENT FUND	
Sustainability Center	330,990
Non-Departmental	
Interfund Transfers	114,602
Contingency	280,000
Total Appropriations	725,592
Unappropriated Balance	1,549,335
Total Fund Requirements	**$2,274,927**
RISK MANAGEMENT FUND	
Finance & Regulatory Services	2,616,951
Non-Departmental	
Interfund Transfers	301,961
Contingency	500,000
Total Appropriations	3,418,912
Unappropriated Balance	1,050,326
Total Fund Requirements	**$4,469,238**
SMITH AND BYBEE LAKES FUND	
Parks & Environmental Services	65,000
Non-Departmental	
Interfund Transfers	110,102
Contingency	200,000
Total Appropriations	375,102
Unappropriated Balance	3,225,467
Total Fund Requirements	**$3,600,569**
SOLID WASTE REVENUE FUND	
Finance & Regulatory Services	2,179,938
Sustainability Center	5,842,884
Parks & Environmental Services	45,107,091
Non-Departmental	
Interfund Transfers	7,766,403
Contingency	15,293,514
Total Appropriations	76,189,830
Unappropriated Balance	17,475,653
Total Fund Requirements	**$93,665,483**
Total Appropriations	**$396,833,712**
Total Unappropriated Balance	**$93,801,795**
TOTAL BUDGET	**$490,635,507**

Property Tax Levy

Permanent Tax Rate Levy Calculation

FY 2012-13 Assessed Value	$130,835,372,208
Assessed Value Increase:	
Within 3% Statutory allowable (2.25% estimate)	2,943,795,875
Estimate for new construction @ 0.0%	0
ESTIMATED FY 2013-14 ASSESSED VALUE	**$133,779,168,083**
Tax Rate	$0.0966 /$1000
FY 2013-14 TAX RATE LEVY (estimated assessed value x tax rate)	$12,923,067
Less: Loss due to Measure 5 compression	($325,000)
Estimated uncollectable @ 5.5%	($692,894)
Comcast appeal	($42,000)
ESTIMATED TAXES TO BE RECEIVED	**$11,863,173**

(based on 94.5% collectable rate)

Local Option Rate Levy Calculation

FY 2012-13 Assessed Value	$130,835,372,208
Assessed Value Increase:	
Within 3% Statutory allowable (2.0% estimate)	2,616,707,444
Estimate for new construction @ 0.0%	0
ESTIMATED FY 2013-14 ASSESSED VALUE	**$133,452,079,652**
Tax Rate	$0.0960 /$1000
FY 2013-14 TAX RATE LEVY (estimated assessed value x tax rate)	$12,811,399
Less: Loss due to Measure 5 compression	($2,000,000)
Estimated uncollectable @ 5.5%	($594,627)
ESTIMATED TAXES TO BE RECEIVED	**$10,216,772**

(based on 94.5% collectable rate)

General Obligation Bond Debt Service Calculation

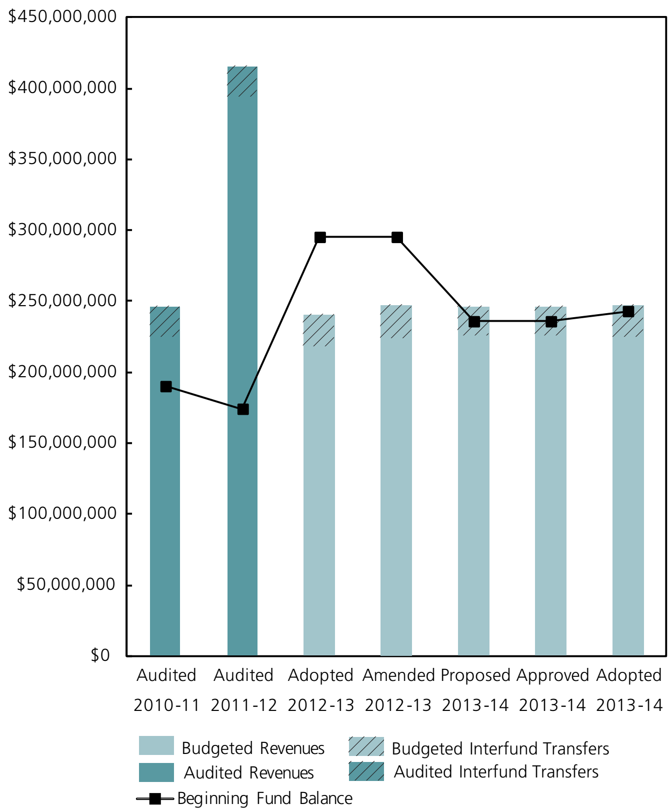
FY 2013-14 REQUIREMENTS		
07/15/13	Oregon Zoo-Oregon Project (2005 Series)	$193,700
12/01/13	Open Spaces (2012B Series)	$421,375
12/01/13	Natural Areas (2007 Series)	$1,869,875
12/01/13	Natural Areas (2012A Series)	$1,702,175
12/01/13	Zoo Infrastructure (2012A Series)	$1,379,213
01/15/14	Oregon Zoo-Oregon Project (2005 Series)	$2,083,700
06/01/14	Open Spaces (2012B Series)	$9,571,375
06/01/14	Natural Areas (2007 Series)	$6,269,875
06/01/14	Natural Areas (2012A Series)	$6,312,175
06/01/14	Zoo Infrastructure (2012A Series)	$6,544,213
07/15/14	Oregon Zoo-Oregon Project (2005 Series)	$146,450
TOTAL REQUIREMENTS		**$36,494,125**
Sources available for cash flow:		
	Fund balance	$177,000
	Prior years taxes to be rec'd in FY 2013-14	700,000
	Interest earned, FY 2013-14	10,000
	Total non-tax sources available in FY 2013-14	$887,000
Tax resources required to balance		$35,607,125
Levy (assume 94.5% collectable rate)		$37,679,497
Estimated FY 2013-14 Assessed Value		$133,779,168,083
Levy rate per $1,000 of assessed value		$0.2817
On $100,000 of assessed property value		$28.17
FY 2013-14 GO DEBT TAX LEVY AMOUNT		**$37,679,497**

Budget summary by year

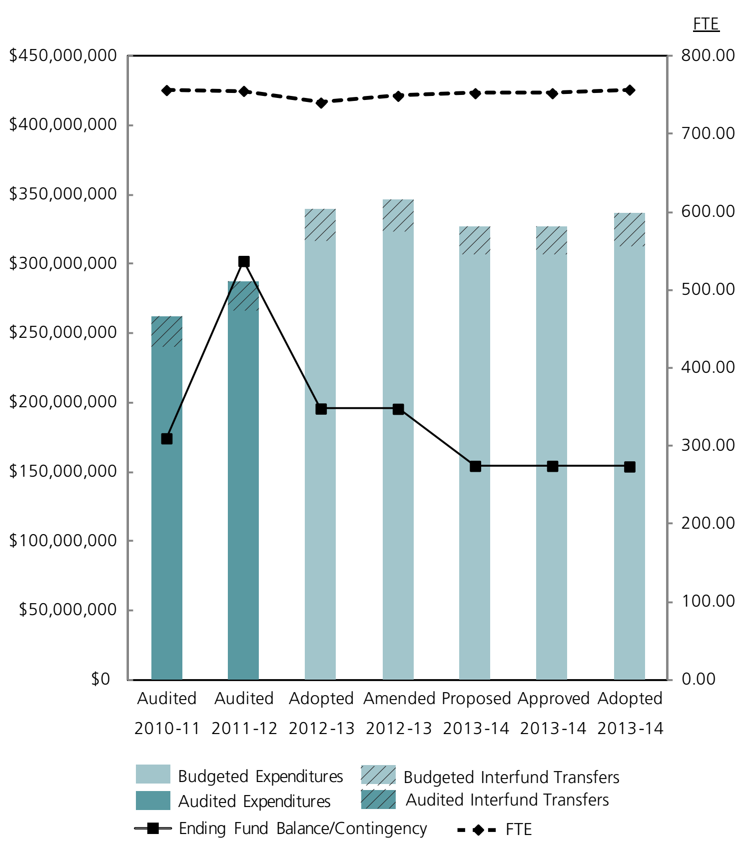
	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	Change from FY 2012-13 Amended
RESOURCES								
Beginning Fund Balance	*$190,317,945*	*$174,355,620*	*$295,435,747*	*$295,435,747*	*$236,015,398*	*$236,015,398*	*$243,182,410*	*(17.69%)*
Current Revenues								
Real Property Taxes	49,747,025	39,333,292	51,157,728	51,157,728	58,683,668	58,683,668	58,683,668	14.71%
Excise Tax	15,508,750	16,177,939	17,399,971	17,399,971	17,347,866	17,347,866	17,347,866	(0.30%)
Other Derived Tax Revenue	26,861	33,195	75,000	75,000	30,000	30,000	30,000	(60.00%)
Grants	10,267,397	10,290,105	12,273,683	12,328,058	10,308,412	10,308,412	10,381,662	(15.79%)
Local Gov't Shared Revenues	11,983,681	13,004,166	13,671,720	13,671,720	14,276,129	14,276,129	14,276,129	4.42%
Contributions from other Gov'ts	832,524	5,201,579	3,723,036	3,753,036	3,746,224	3,746,224	3,746,224	(0.18%)
Enterprise Revenue	113,192,834	109,865,624	115,772,391	119,680,160	115,700,485	115,700,485	114,428,110	(4.39%)
Interest Earnings	1,297,723	898,372	1,152,900	1,152,900	699,561	699,561	699,561	(39.32%)
Donations	2,661,868	2,432,270	1,606,027	3,868,281	3,847,801	3,847,801	3,847,801	(0.53%)
Other Misc. Revenue	3,307,412	843,009	333,941	340,261	262,880	262,880	382,880	12.53%
Bond and Loan Proceeds	15,000,000	195,478,859	0	0	0	0	0	0.00%
Subtotal Current Revenues	223,826,075	393,558,410	217,166,397	223,427,115	224,903,026	224,903,026	223,823,901	0.18%
Interfund Transfers:								
Interfund Reimbursements	8,396,573	9,167,136	10,118,777	10,118,777	9,885,541	9,885,541	9,885,541	(2.30%)
Internal Service Transfers	2,887,871	2,820,489	4,143,190	4,143,190	5,000,442	5,000,442	5,000,442	20.69%
Interfund Loan	0	0	2,431,000	2,431,000	239,800	239,800	2,670,800	9.86%
Fund Equity Transfers	10,708,853	9,948,218	6,522,471	6,645,571	5,622,413	5,622,413	6,072,413	(8.62%)
Subtotal Interfund Transfers	21,993,297	21,935,843	23,215,438	23,338,538	20,748,196	20,748,196	23,629,196	1.25%
TOTAL RESOURCES	**$436,137,317**	**$589,849,873**	**$535,817,582**	**$542,201,400**	**$481,666,620**	**$481,666,620**	**$490,635,507**	**(9.51%)**
REQUIREMENTS								
Current Expenditures								
Personnel Services	$73,984,490	$76,388,503	$79,964,117	$79,683,638	$83,203,038	$83,203,038	$83,751,779	5.11%
Materials and Services	99,375,744	96,023,272	116,199,406	120,819,885	117,050,113	117,050,113	121,872,363	0.87%
Capital Outlay	24,478,087	28,293,892	65,845,165	67,946,194	65,246,974	65,246,974	66,398,950	(2.28%)
Debt Service	41,950,078	64,941,026	54,769,223	54,769,223	40,937,068	40,937,068	40,937,068	(25.26%)
Subtotal Current Expenditures	239,788,399	265,646,693	316,777,911	323,218,940	306,437,193	306,437,193	312,960,160	(3.17%)
Interfund Transfers:								
Interfund Reimbursements	8,396,573	9,167,136	10,118,777	10,118,777	9,885,541	9,885,541	9,885,541	(2.30%)
Internal Service Transfers	2,887,871	2,820,489	4,143,190	4,143,190	5,000,442	5,000,442	5,000,442	20.69%
Interfund Loan	0	0	2,431,000	2,431,000	239,800	239,800	2,670,800	9.86%
Fund Equity Transfers	10,708,854	9,948,218	6,522,471	6,645,571	5,622,413	5,622,413	6,072,413	(8.62%)
Subtotal Interfund Transfers	21,993,298	21,935,843	23,215,438	23,338,538	20,748,196	20,748,196	23,629,196	1.25%
Contingency	0	0	61,037,639	56,421,152	58,243,430	58,243,430	60,244,356	6.78%
Ending Fund Balance	*174,355,620*	*302,267,337*	*134,786,594*	*139,222,770*	*96,237,801*	*96,237,801*	*93,801,795*	*(32.62%)*
TOTAL REQUIREMENTS	**$436,137,317**	**$589,849,873**	**$535,817,582**	**$542,201,400**	**$481,666,620**	**$481,666,620**	**$490,635,507**	**(9.51%)**
FULL-TIME EQUIVALENTS	756.60	755.49	740.50	749.14	752.55	752.55	757.09	1.06%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								7.95

Budget summary by year

Current revenues and fund balance



Current expenditures and full-time equivalents



Where the money comes from

Resources to meet Metro's obligations and needs are derived from three primary sources: beginning fund balance, current revenues and interfund transfers. Beginning fund balance consists of resources carried forward from previous fiscal years, including proceeds from voter-approved bonds (e.g., Natural Areas and Oregon Zoo Infrastructure and Animal Welfare), 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. Interfund transfers are payments from one fund to another fund usually for services rendered.

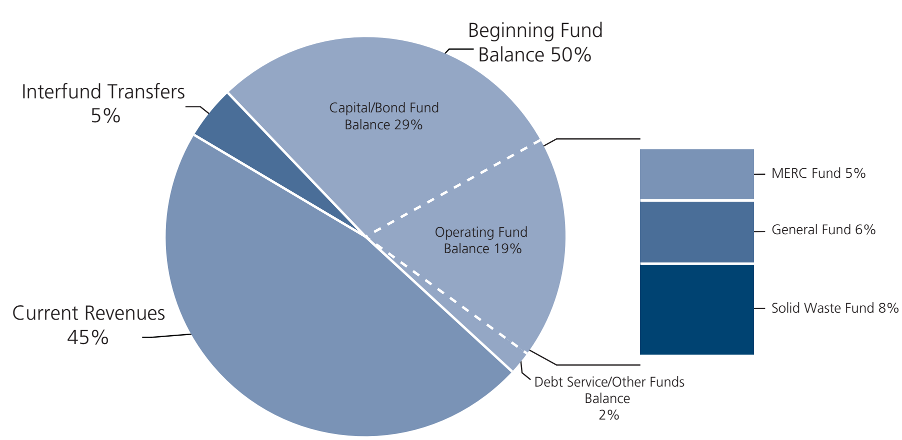
BEGINNING FUND BALANCE

Metro's beginning fund balance constitutes 50 percent of its total resources.

The beginning fund balance for each fund consists of unspent resources carried forward from the previous fiscal year. Primary among these are unspent bond proceeds, and fees collected in prior years in the Solid Waste Revenue Fund for operations, capital projects and other dedicated accounts. 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, policy or operating agreements. The beginning fund balance also provides cash flow for specific operations until current year revenues are received.

The General Fund's $31.1 million beginning fund balance accounts for 12.8 percent of the total beginning balances and is a combination of designated and undesignated reserves. Designated reserves include grant funds, construction excise tax for local development grants, Public Employees Retirement System (PERS) reserves and debt service reserves. The Council also designated reserve funds for multi-year Nature in Neighborhoods grants, and participation in a Development Opportunity fund. Finally, as part of its financial policies, the Council also directed that undesignated reserves be maintained for contingency and stabilization reserves, available for any lawful purpose in the event of sudden and unforeseen revenue drops or unplanned expenditures. For FY 2013-14 about $7.2 million of the General Fund's beginning fund balance is funding these financial reserves.

FY 2013-14 Total resources



Total resources $490,635,507

CURRENT REVENUES

Current revenues account for 45 percent of Metro's total resources. The major elements of current revenues and the percentage of total current revenues they represent include the following:

Enterprise revenues– 51 percent

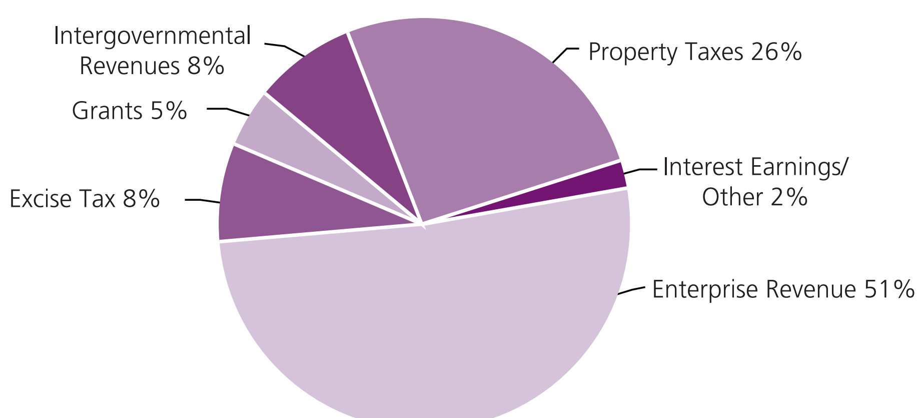
Enterprise activities generate the largest piece of current revenues at $114.4 million. Metro's largest enterprise activity is solid waste disposal, generating $55.4 million, which comes from fees charged on solid waste deposited at Metro's transfer stations or several other designated solid waste facilities. This is about a 8.5 percent decrease from the FY 2012-13 budget.

While tonnage to regional solid waste non-Metro facilities is starting to trend upward, solid waste tonnage to Metro facilities is just now beginning to stabilize. To mitigate upward pressure on the disposal rates the Metro Council took a three prong approach for FY 2012-13. For the first time, organics rates are set to a level that covers their costs removing subsidies formally paid from the disposal rate. It also recognized that renewal and replacement reserves are currently fully funded and chose to forego a deposit for one year. And finally, it used approximately $800,000 of uncommitted funds to offset potential costs. The actions resulted in a rate increase of $0.49 per ton; about 0.5 percent increase.

The Visitor Venues (Oregon Zoo, Oregon Convention Center, Portland Center for the Performing Arts and Portland Expo Center) produce $51.7 million, about 3.8 percent above the current year. The Oregon Zoo is showing revenue growth of about 4 percent. The zoo has experienced record-breaking attendance the last several years; the budget again projects annual attendance of 1.61 million. Budget per capita shows modest increases in admission and food service revenue. The Oregon Convention Center (OCC) relies on convention bookings made years in advance. Although the economy is recovering it will be another year or more before bookings return to pre-recession levels. Revenue is expected to remain relatively flat compared to last year but is about 25 percent below pre-recession levels. The Portland Expo Center (Expo) is reflecting a 4 percent increase from the current year, projecting a modest increase in attendance and per capita spending. In addition, several major clients have accepted multi-year agreements, stabilizing revenue generation in future years.

FY 2013-14 Current revenues

RESOURCES	
Beginning Fund Balance	*$243,182,410*
Current Revenues	
Real Property Taxes	58,683,668
Excise Tax	17,347,866
Other Derived Tax Revenue	30,000
Grants	10,381,662
Local Gov't Shared Revenues	14,276,129
Contributions from other Gov'ts	3,746,224
Enterprise Revenue	114,428,110
Interest Earnings	699,561
Donations	3,847,801
Other Misc. Revenue	382,880
Subtotal Current Revenues	223,823,901
Interfund Transfers:	
Interfund Reimbursements	9,885,541
Internal Service Transfers	5,000,442
Interfund Loan	2,670,800
Fund Equity Transfers	6,072,413
Subtotal Interfund Transfers	23,629,196
TOTAL RESOURCES	**$490,635,507**



Total current revenues $223,823,901

Revenues generated at the Portland Center for the Performing Arts (PCPA) are up about 10 percent due primarily to a change in the structure of ticket commissions. Previously, PCPA received revenue net of ticket service fees. Under the new operating structure, PCPA receives gross revenues then pays the ticket company the ticket service fee. Finally, while rental rates and billable rates are increasing 3 percent overall, rental revenues are down 13 percent because of 3.5 fewer weeks of Broadway shows.

Regional parks facilities generate another $4.9 million in fees and services, an increase of about 17 percent. The majority of the increase is due to a change in the Glendoveer Golf Course operating contract. Previously, Metro received a straight percentage of gross revenues. Under the new agreement, Metro will receive gross revenues and pay the operator per the contractual agreement. Also, cemetery revenues and admission fees are declining about 35 percent and 22 percent respectively. As the year has progressed, it is clear staff were too optimistic regarding revenue generating options in the current year. Revenues have been reduced to more accurately reflect reality.

Parking fees, business license fees and Data Resource Center revenues account for the remainder of enterprise revenues.

Property taxes– 26 percent

Metro expects to receive $58.6 million in property tax revenues in FY 2013-14. This includes current year tax receipts to the General Fund directed toward operations ($11.9 million) and debt service levies for outstanding general obligation bond issues for the Open Spaces Acquisition program, the original Oregon Convention Center construction, the zoo's Great Northwest project, the Natural Areas program and the Oregon Zoo Infrastructure and Animal Welfare bond projects ($35.6 million). Also included beginning in FY 2013-14 is the first year of a five-year local option levy for natural areas operations. The levy rate is $0.960/$1,000 of assessed value and is expected to generate approximately $10.2 million in the first year. The remainder, approximately $1.0 million, 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– 8 percent

The Metro excise tax is paid by users of Metro facilities and services in accordance with the 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 and elections expense. The tax also supports various planning, parks and venue activities.

The Metro excise tax is levied as a flat rate per-ton tax on solid waste disposal and as a percentage of all other authorized sales and services. The Metro excise tax is estimated to raise $15.3 million in FY 2013-14. By Metro Code, the amount of the per-ton tax may be increased annually based on the Consumer Price Index. The flat-rate per-ton tax was consolidated into a single yield-based tax in FY 2010-11, folding in a number of individual per-ton rates which had been imposed at different times. The single rate approach increases predictability and moderates revenue swings in times of either increasing or decreasing tonnage. The consolidation did not change the charter limitation on expenditures. The consolidated rate for FY 2013-14 will be $12.29 per ton, an increase of 10 cents, effective September 1st. The rate for all other authorized revenues, currently 7.5 percent, does not change unless amended by the Metro Council. The Council has exempted the Oregon Zoo from excise tax; the intergovernmental agreement between Metro and the City of Portland exempts the Portland Center for the Performing Arts from the tax.

In 2006 Metro also enacted a construction excise tax to fund land use planning to make land ready for development throughout the region. A 0.12 percent tax is assessed on construction permits issued by local cities and counties in the Metro region. In 2009 the tax was extended for an additional five years, through September 2014, to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary. Proceeds from the tax fell sharply during the recession and began rebounding in 2011. The tax is expected to generate $2.0 million in FY 2013-14.

Intergovernmental Revenues– 8 percent

Metro receives revenue from both state and local agencies. Among these are transient lodging tax receipts from Multnomah County, funds from the City of Portland to support the Portland Center for the Performing Arts, 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. It also receives an allocation from the Visitor Development Fund created as a cooperative agreement between Metro, Multnomah County, the City of Portland and the hotel and car rental industries to cooperatively support and market various visitor facilities and amenities in the region. Transient Lodging Tax receipts are projected to increase 3 percent in FY 2013-14. The request to the Visitor Development Fund has increased by 9 percent based on projected need including repayment of the streetcar assessment over 10 years and continued efforts to secure a 500-room block commitment.

Grants– 5 percent

Grants are anticipated to provide $10.4 million to the revenue mix. The primary planning functions of the agency — Planning and Development and the Research Center — receive approximately $8.8 million in grant funds, 85 percent of all grants. These functions rely on federal, state and local grants to fund most of the transportation planning and modeling programs. Although Metro has received a small increase in federal allocations through MAP-21, other dedicated grant funds such as HB 2001 green house gas funding from ODOT and other funding for corridor planning are at or near completion, resulting in an overall decrease of 8 percent from FY 2012-13. Metro also receives grants for projects planned at regional parks and natural areas, Oregon Zoo and solid waste facilities.

Other miscellaneous revenues/Interest Earnings– 2 percent

In FY 2013-14 other revenues include $3.8 million in donations; $700,000 in projected interest earnings and about $383,000 in a variety of other miscellaneous revenue categories.

INTERFUND TRANSFERS

Metro budgets its resources in separate and distinct funds. Transfers between funds pay for internal services provided directly by one department to another or indirectly on a cost-share basis as determined through the indirect cost allocation plan. Interfund reimbursements (indirect services) and internal service transfers (direct services) total $14.9 million in FY 2013-14. The transfer classification also includes $5.6 million in Fund Equity Transfers (revenue sharing between funds) such as the transfer of discretionary revenues from the General Fund to assist in capital development and renewal and replacement of General Fund assets. Also included in FY 2013-14 is a one-time interfund loan from the General Fund to the MERC Fund to pay the Oregon Convention Center's $2.2 million local improvement district assessment for the Eastside Streetcar.

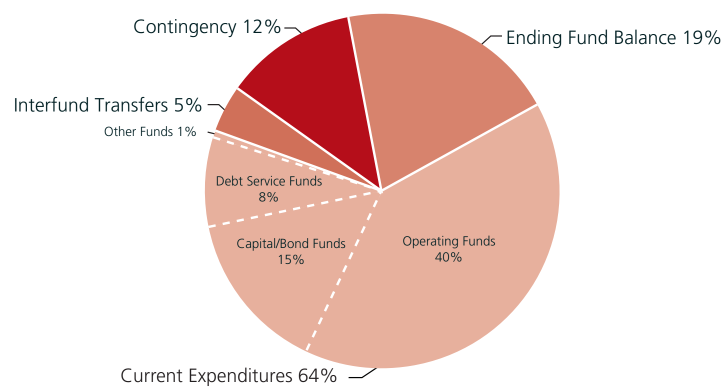
Where the money goes

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.

Metro's total current expenditures are allocated for the specific programs and functions described in the Organizational Summary section contained in the body of this budget document. Sixty-three percent of current expenditures support the operations of Metro facilities such as the Oregon Zoo, OCC, Expo, PCPA, regional park facilities and solid waste disposal facilities, as well as programs such as waste reduction, recycling information and regional transportation and growth management planning. Another 13 percent is dedicated to debt service on outstanding general obligation and full faith and credit bonds, and 23 percent is allocated for capital outlay and improvements to various facilities and acquisition of new natural areas. The final one percent is allocated for specific requirements such as the cemetery perpetual care, risk management, rehabilitation and enhancement, and the Smith and Bybee wetlands.

Interfund transfers between funds and contingencies for unforeseen needs, such as unexpected increases in costs or drops in revenue, make up the balance of Metro expenditure requirements.

FY 2013-14 Total requirements



Total requirements $490,635,507

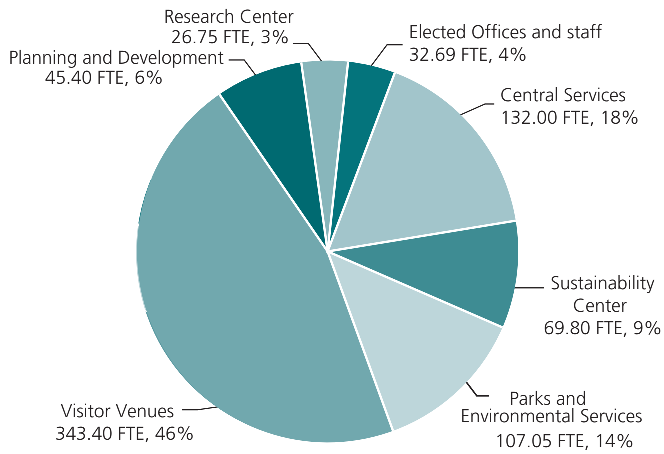
CURRENT EXPENDITURES

Current expenditures consist of amounts to be paid out in the current fiscal year by categories defined in budget law. This includes payments for operations, debt service, capital improvements and acquisitions. The major elements of current expenditures and the percentage of total current expenditures they represent include the following:

Personnel services– 27 percent

Metro plans to spend about $83.8 million for salaries and wages and related expenditures for its employees in FY 2013-14. Personnel services includes employee-related benefit costs such as health and welfare and pension contributions. Fringe benefits are about 43 percent of salaries and wages, and 30 percent of total personnel services costs. For a more detailed discussion of fringe benefits refer to the appendix "Fringe benefit rate calculation." A 10-year comparison of salaries, wages and benefits is provided later in this section.

FY 2013-14 FTE positions by function



Total FTE 757.09

The FY 2013-14 budget includes 757.09 full-time equivalent positions, an increase of 7.95 FTE. "FTE" means regular, benefit-eligible full or part-time positions. While temporary, seasonal and event-related labor costs are reflected in the total personnel services expenditures, these employees are not considered as FTE. A discussion of staff levels is provided later in this section.

Materials and Services– 39 percent

Metro plans to spend about $122 million on materials and services in FY 2013-14. Large expenditures in this area include solid waste transfer station operations and the transport of solid waste to the Columbia Ridge Landfill in Gilliam County (about $29 million). Materials and services at the visitor venues (OCC, Oregon Zoo, Expo and PCPA) also include $38 million for operations.

Capital outlay– 21 percent

Approximately $66.4 million is provided for capital expenditures. These funds provide for land acquisitions and major capital improvement projects at various facilities. The largest uses of capital funds are $21 million for land acquisition and capital expenditures related to the Natural Areas program, $25 million for capital improvements at the Oregon Zoo under the Oregon Zoo Infrastructure and Animal Welfare bond measure, $3.7 million for solid waste facility capital projects and $4.8 million for capital improvements at MERC facilities. Another $3.8 million is provided for various renewal and replacement projects at the Oregon Zoo, regional parks or Metro Regional Center, including information technology infrastructure. Capital expenditures include purchases of land and equipment, improvements to facilities and other capital related expenditures. Projects costing $100,000 or more are included in Metro's capital improvement plan, updated and adopted annually.

Debt service– 13 percent

Debt service provides for payments on general obligation and full faith and credit bonds sold for OCC Metro Regional Center, the Open Spaces Acquisition program, the Natural Areas program, Expo and the Oregon Zoo. A more detailed discussion of outstanding debt is provided later in this section.

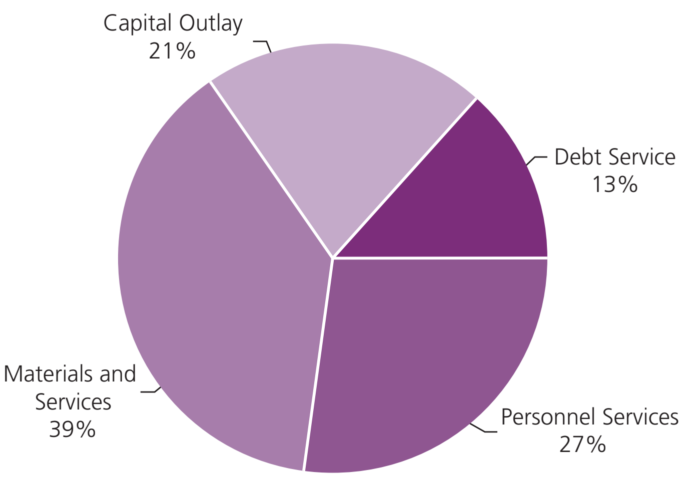
INTERFUND TRANSFERS

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 (e.g., payroll, fleet, etc.) or to share resources between funds. Interfund transfers in FY 2013-14 total about $23.6 million. Interfund transfers appear as both a resource to the receiving fund and a requirement for the transferring fund in the budget. An explanation of all transfers is provided in the appendices of the detail budget volume.

CONTINGENCY

Contingencies in each fund are created to provide for unforeseen requirements such as unexpected increases in costs or drops in revenue. These funds may be spent only after an action of the Metro Council authorizes transferring appropriations from contingency to an expenditure line item.

FY 2013-14 Current expenditures by budget category



REQUIREMENTS	
Current Expenditures	
Personnel Services	$83,751,779
Materials and Services	$121,872,363
Capital Outlay	$66,398,950
Debt Service	$40,937,068
Subtotal Current Expenditures	$312,960,160
Interfund Transfers:	
Interfund Reimbursements	$9,885,541
Internal Service Transfers	$5,000,442
Interfund Loan	$2,670,800
Fund Equity Transfers	$6,072,413
Subtotal Interfund Transfers	$23,629,196
Contingency	$60,244,356
Ending Fund Balance	$93,801,795
TOTAL REQUIREMENTS	**$490,635,507**

Total current expenditures $312,960,160

Fund Summary Highlights

FY 2013-14 Fund Summary by Category

	Operating Funds	Capital / Bond Funds	Debt Service Funds	Other Funds	Total
Resources					
Beginning Fund Balance	*$93,234,448*	*$140,921,564*	*$182,367*	*$8,844,031*	*$243,182,410*
Current Revenues					
Real Property Taxes	22,376,543	0	36,307,125	0	58,683,668
Excise Tax	17,347,866	0	0	0	17,347,866
Other Derived Tax Revenue	0	0	0	30,000	30,000
Grants	10,258,412	73,250	0	50,000	10,381,662
Local Government Shared Revenues	14,276,129	0	0	0	14,276,129
Contributions from other Governments	3,746,224	0	0	0	3,746,224
Enterprise Revenue	113,659,975	0	0	768,135	114,428,110
Interest Earnings	234,465	420,286	10,027	34,783	699,561
Donations	736,801	3,111,000	0	0	3,847,801
Other Misc. Revenue	377,880	0	0	5,000	382,880
Subtotal Current Revenues	183,014,295	3,604,536	36,317,152	887,918	223,823,901
Interfund Transfers:					
Interfund Reimbursements	8,891,931	0	0	993,610	9,885,541
Internal Service Transfers	4,816,200	120,000	0	64,242	5,000,442
Interfund Loan	2,670,800	0	0	0	2,670,800
Fund Equity Transfers	873,995	2,329,097	2,869,321	0	6,072,413
Subtotal Interfund Transfers	17,252,926	2,449,097	2,869,321	1,057,852	23,629,196
Total Resources	**$293,501,669**	**$146,975,197**	**$39,368,840**	**$10,789,801**	**$490,635,507**
Requirements					
Current Expenditures					
Personnel Services	81,450,126	2,301,653	0	0	83,751,779
Materials and Services	105,542,894	13,316,528	0	3,012,941	121,872,363
Capital Outlay	10,342,438	56,056,512	0	0	66,398,950
Debt Service	1,720,071	0	39,216,997	0	40,937,068
Subtotal Current Expenditures	199,055,529	71,674,693	39,216,997	3,012,941	312,960,160
Interfund Transfers:					
Interfund Reimbursements	8,317,148	1,568,393	0	0	9,885,541
Internal Service Transfers	4,216,169	559,569	0	224,704	5,000,442
Interfund Loan	2,670,800	0	0	0	2,670,800
Fund Equity Transfers	5,770,452	0	0	301,961	6,072,413
Subtotal Interfund Transfers	20,974,569	2,127,962	0	526,665	23,629,196
Contingency	31,278,875	27,985,481	0	980,000	60,244,356
Ending Fund Balance	42,192,696	45,187,061	151,843	6,270,195	93,801,795
Total Requirements	**$293,501,669**	**$146,975,197**	**$39,368,840**	**$10,789,801**	**$490,635,507**
Full-Time Equivalents (FTE)	737.79	19.30	0.00	0.00	757.09

Operating Funds

The operating funds include the General Fund, the MERC Fund, the Solid Waste Revenue Fund and the newly authorized Parks and Natural Areas Local Option Levy Fund. A more detailed presentation of the operating funds follows this section.

- Property taxes reflect Metro's permanent operating rate of $0.0966/$1,000 of assessed value assuming a 2.25 percent increase in assessed value and a 94.5 percent collectible rate. It also includes the newly authorized Parks and Natural Areas Local Option Levy approved by the voters of the Metro region in May 2013. The five-year local option levy is proposed at $0.0960/$1,000 of assessed value.
- Local Government Shared Revenues include a 3 percent increase in transient lodging tax and 9 percent increase in the Visitor Development Fund allocation. Both sources provide funding for MERC facilities and operations.
- The reduction in grants recognizes the completion or near completion of specific grant funds such as HB 2001 Green House Gas funding from ODOT and corridor planning.
- Enterprise revenues include an 6 percent decrease in solid waste revenues; 4 percent increase in revenues generated at the Oregon Zoo; 4 percent increase at MERC primarily in PCPA revenues; and a 17 percent increase in regional parks fees resulting from a change in the structure of the Glendoveer Golf Course contract revenue.
- Personnel services reflect a net increase of 7.85 FTE resulting from the addition of 15.50 FTE for the proposed parks and natural areas local option levy and the net reduction of 7.65 existing FTE. It also includes salary adjustment increases for COLA, merit and step for the remaining staff as specified in collective bargaining agreements.
- Contingencies are replenished following Council approved financial policies.

Capital/Bond Funds

The capital/bond funds include the General Asset Management Fund, the Natural Areas Fund, the Open Spaces Fund and the Oregon Zoo Infrastructure and Animal Welfare Fund.

- The Open Spaces Fund, Natural Areas Fund, and Oregon Zoo Infrastructure and Animal Welfare Fund are funded through the sale of general obligation bonds following voter authorization in 1995, 2006 and 2008, respectively.
- In May 2012 Metro issued an additional $75 million in bonds for the Natural Areas program and $65 million for zoo infrastructure projects resulting in a tripling in the amount available for beginning fund balance. FY 2013-14 represents a 24 percent reduction in beginning fund balance as the bond funds are spent down.
- Significant project expenditures in FY 2013-14 include:
    - $24 million for the elephant habitat and related infrastructure at the Oregon Zoo.
    - $20 million for land acquisition under the Natural Areas program.
    - $10 million for local share payments under the Natural Areas program.
    - $4.7 million in renewal and replacement projects at the Oregon Zoo, regional parks and Metro Regional Center.

Debt Service Funds

The debt service funds include the General Revenue Bond Fund and the General Obligation Bond Debt Service Fund. Property taxes provide for debt service payments on the outstanding general obligation bonds.

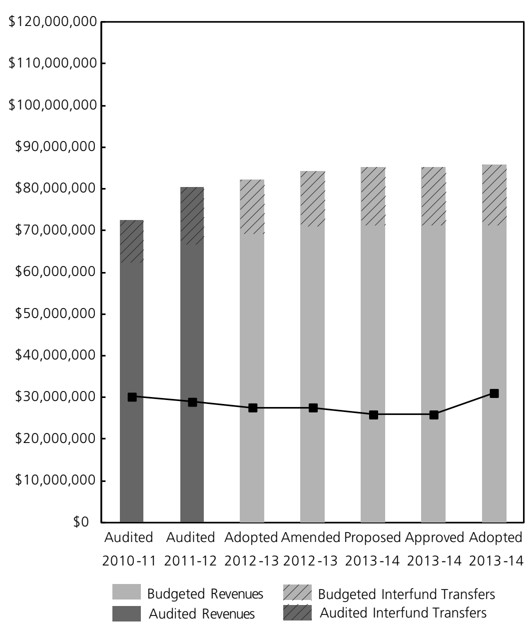
Other Funds

The other funds include the Cemetery Perpetual Care Fund, the Rehabilitation and Enhancement Fund, the Risk Management Fund and the Smith and Bybee Wetlands Fund.

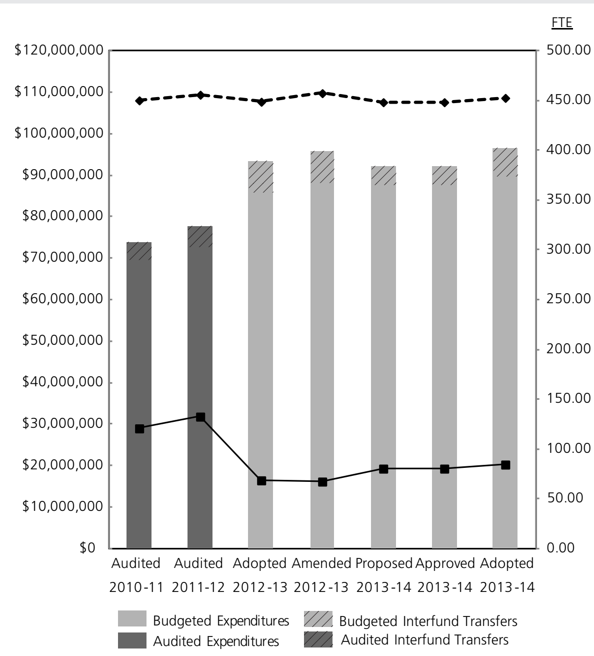
FY 2013-14 General Fund Summary

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	Change from FY 2012-13 Amended
RESOURCES								
Beginning Fund Balance	$30,194,768	$28,964,227	$27,621,707	$27,621,707	$25,931,371	$25,931,371	$31,083,766	12.53%
Current Revenues								
Real Property Taxes	11,569,455	11,780,994	12,081,132	12,081,132	12,159,773	12,159,773	12,159,773	0.65%
Excise Tax	15,508,750	16,177,939	17,399,971	17,399,971	17,347,866	17,347,866	17,347,866	(0.30%)
Grants	9,421,745	8,961,588	10,738,583	10,792,958	9,894,409	9,894,409	9,894,409	(8.33%)
Local Gov't Shared Revenues	468,776	466,124	539,087	539,087	574,634	574,634	574,634	6.59%
Contributions from other Gov'ts	9,128	4,408,500	2,929,628	2,959,628	2,930,204	2,930,204	2,930,204	(0.99%)
Enterprise Revenue	21,880,352	23,482,901	24,741,551	26,132,491	27,579,738	27,579,738	27,579,738	5.54%
Interest Earnings	230,215	178,157	31,000	31,000	65,000	65,000	65,000	109.68%
Donations	1,291,007	839,035	500,927	900,927	527,801	527,801	527,801	(41.42%)
Other Misc. Revenue	1,920,970	243,711	173,881	173,881	149,075	149,075	269,075	54.75%
Subtotal Current Revenues	**62,300,398**	**66,538,949**	**69,135,760**	**71,011,075**	**71,228,500**	**71,228,500**	**71,348,500**	**0.48%**
Interfund Transfers:								
Interfund Reimbursements	7,271,150	7,410,638	8,591,807	8,591,807	8,891,931	8,891,931	8,891,931	3.49%
Internal Service Transfers	2,797,314	2,725,389	4,045,103	4,045,103	4,727,316	4,727,316	4,727,316	16.87%
Interfund Loan	0	0	231,000	231,000	239,800	239,800	470,800	103.81%
Fund Equity Transfers	132,278	3,823,352	295,207	295,207	301,961	301,961	301,961	2.29%
Subtotal Interfund Transfers	**10,200,742**	**13,959,379**	**13,163,117**	**13,163,117**	**14,161,008**	**14,161,008**	**14,392,008**	**9.34%**
TOTAL RESOURCES	**$102,695,908**	**$109,462,555**	**$109,920,584**	**$111,795,899**	**$111,320,879**	**$111,320,879**	**$116,824,274**	**4.50%**
REQUIREMENTS								
Current Expenditures								
Personnel Services	45,524,111	47,726,882	50,638,357	50,588,714	51,515,052	51,515,052	52,038,178	2.87%
Materials and Services	22,140,052	23,174,978	33,230,242	35,356,498	34,223,778	34,223,778	35,552,843	0.56%
Capital Outlay	199,492	130,132	244,325	244,325	104,000	104,000	129,500	(47.00%)
Debt Service	1,529,472	1,588,214	1,654,290	1,654,290	1,720,071	1,720,071	1,720,071	3.98%
Subtotal Current Expenditures	**69,393,127**	**72,620,206**	**85,767,214**	**87,843,827**	**87,562,901**	**87,562,901**	**89,440,592**	**1.82%**
Interfund Transfers:								
Interfund Reimbursements	476,219	727,260	555,274	555,274	420,704	420,704	420,704	(24.23%)
Interfund Loan	0	0	2,200,000	2,200,000	0	0	2,200,000	0.00%
Fund Equity Transfers	3,862,335	4,318,347	4,966,251	5,059,351	4,075,705	4,075,705	4,525,705	(10.55%)
Subtotal Interfund Transfers	**4,338,554**	**5,045,607**	**7,721,525**	**7,814,625**	**4,496,409**	**4,496,409**	**7,146,409**	**(8.55%)**
Contingency	0	0	3,771,000	1,684,319	4,289,868	4,289,868	4,290,572	154.74%
Ending Fund Balance	*$28,964,227*	*$31,796,742*	*$12,660,845*	*$14,453,128*	*$14,971,701*	*$14,971,701*	*$15,946,701*	*10.33%*
TOTAL REQUIREMENTS	**$102,695,908**	**$109,462,555**	**$109,920,584**	**$111,795,899**	**$111,320,879**	**$111,320,879**	**$116,824,274**	**4.50%**
FULL-TIME EQUIVALENTS	450.15	455.81	448.75	457.39	448.30	448.30	452.64	(1.04%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(4.75)

Current revenues and fund balance



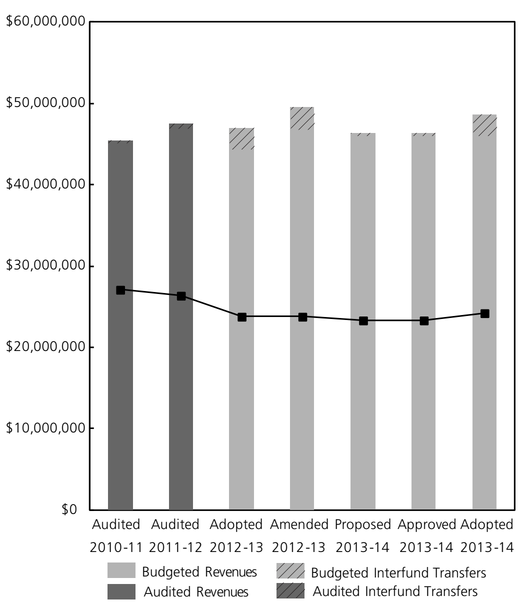
Current expenditures and full time equivalents



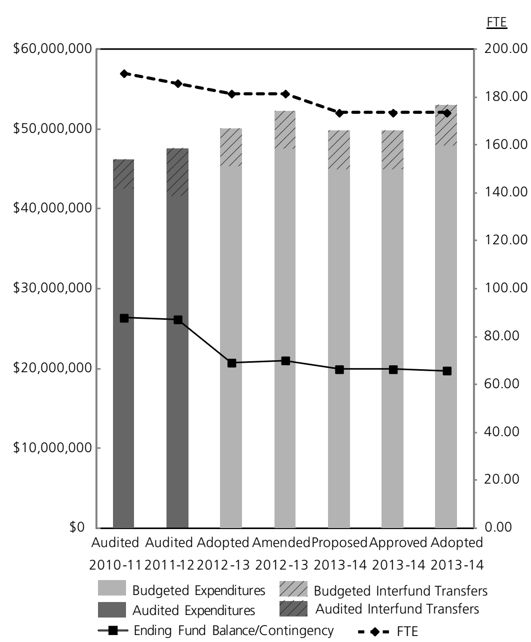
FY 2013-14 MERC Fund Summary

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	Change from FY 2012-13 Amended
RESOURCES								
Beginning Fund Balance	$27,089,536	$26,357,848	$23,776,767	$23,776,767	$23,318,290	$23,318,290	$24,211,557	1.83%
Current Revenues								
Grants	584,808	123,574	220,000	220,000	364,003	364,003	364,003	65.46%
Local Gov't Shared Revenues	11,514,905	12,538,042	13,132,633	13,132,633	13,701,495	13,701,495	13,701,495	4.33%
Contributions from other Gov'ts	767,019	774,040	793,408	793,408	816,020	816,020	816,020	2.85%
Enterprise Revenue	31,521,463	32,598,767	29,637,393	32,154,222	30,716,487	30,716,487	30,716,487	(4.47%)
Interest Earnings	111,166	155,883	135,412	135,412	76,142	76,142	76,142	(43.77%)
Donations	374,713	542,634	209,100	209,100	209,000	209,000	209,000	(0.05%)
Other Misc. Revenue	121,174	124,969	122,060	122,060	81,805	81,805	81,805	(32.98%)
Subtotal Current Revenues	**44,995,248**	**46,857,909**	**44,250,006**	**46,766,835**	**45,964,952**	**45,964,952**	**45,964,952**	**(1.71%)**
Interfund Transfers:								
Interfund Loan	0	0	2,200,000	2,200,000	0	0	2,200,000	0.00%
Fund Equity Transfers	475,000	594,822	568,633	568,633	418,633	418,633	418,633	(26.38%)
Subtotal Interfund Transfers	**475,000**	**594,822**	**2,768,633**	**2,768,633**	**418,633**	**418,633**	**2,618,633**	**(5.42%)**
TOTAL RESOURCES	**$72,559,784**	**$73,810,579**	**$70,795,406**	**$73,312,235**	**$69,701,875**	**$69,701,875**	**$72,795,142**	**(0.71%)**
REQUIREMENTS								
Current Expenditures								
Personnel Services	17,212,893	17,202,909	17,567,418	17,403,962	17,657,221	17,657,221	17,657,221	1.46%
Materials and Services	21,195,003	22,264,499	24,341,158	26,635,381	23,031,141	23,031,141	25,477,403	(4.35%)
Capital Outlay	4,006,479	2,044,280	3,344,077	3,449,077	4,198,338	4,198,338	4,779,343	38.57%
Subtotal Current Expenditures	**42,414,375**	**41,511,688**	**45,252,653**	**47,488,420**	**44,886,700**	**44,886,700**	**47,913,967**	**0.90%**
Interfund Transfers:								
Interfund Reimbursements	2,492,498	2,906,621	3,227,725	3,227,725	3,315,931	3,315,931	3,315,931	2.73%
Internal Service Transfers	0	79,949	161,056	161,056	156,423	156,423	156,423	(2.88%)
Interfund Loan	0	0	231,000	231,000	239,800	239,800	470,800	103.81%
Fund Equity Transfers	1,295,063	3,150,605	1,187,132	1,187,132	1,188,650	1,188,650	1,188,650	0.13%
Subtotal Interfund Transfers	**3,787,561**	**6,137,175**	**4,806,913**	**4,806,913**	**4,900,804**	**4,900,804**	**5,131,804**	**6.76%**
Contingency	0	0	7,838,268	5,549,137	8,459,107	8,459,107	10,979,029	97.85%
Ending Fund Balance	*$26,357,848*	*$26,161,716*	*$12,897,572*	*$15,467,765*	*$11,455,264*	*$11,455,264*	*$8,770,342*	*(43.30%)*
TOTAL REQUIREMENTS	**$72,559,784**	**$73,810,579**	**$70,795,406**	**$73,312,235**	**$69,701,875**	**$69,701,875**	**$72,795,142**	**(0.71%)**
FULL-TIME EQUIVALENTS	190.00	185.85	181.50	181.50	173.50	173.50	173.50	(4.41%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(8.00)

Current revenues and fund balance



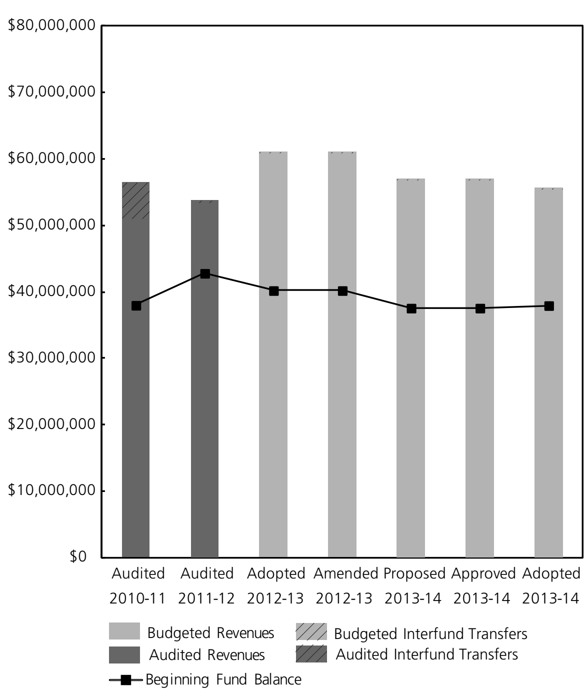
Current expenditures and full-time equivalents



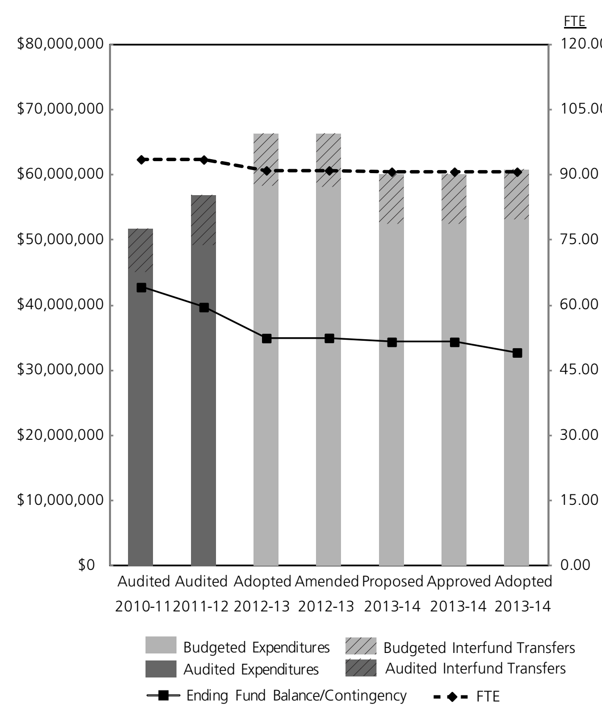
FY 2013-14 Solid Waste Fund Summary

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	Change from FY 2012-13 Amended
RESOURCES								
Beginning Fund Balance	$37,982,914	$42,792,555	$40,199,273	$40,199,273	$37,556,996	$37,556,996	$37,939,125	(5.62%)
Current Revenues								
Grants	3,134	304,314	231,200	231,200	0	0	0	(100.00%)
Enterprise Revenue	50,687,036	52,919,021	60,479,558	60,479,558	56,644,873	56,644,873	55,363,750	(8.46%)
Interest Earnings	301,014	235,712	197,749	197,749	93,323	93,323	93,323	(52.81%)
Other Misc. Revenue	102,318	53,894	33,000	33,000	27,000	27,000	27,000	(18.18%)
Subtotal Current Revenues	**51,093,502**	**53,512,941**	**60,941,507**	**60,941,507**	**56,765,196**	**56,765,196**	**55,484,073**	**(8.96%)**
Interfund Transfers:								
Internal Service Transfers	32,962	33,287	33,465	33,465	88,884	88,884	88,884	165.60%
Fund Equity Transfers	5,413,487	224,457	175,313	175,313	153,401	153,401	153,401	(12.50%)
Subtotal Interfund Transfers	**5,446,449**	**257,744**	**208,778**	**208,778**	**242,285**	**242,285**	**242,285**	**16.05%**
TOTAL RESOURCES	**$94,522,865**	**$96,563,240**	**$101,349,558**	**$101,349,558**	**$94,564,477**	**$94,564,477**	**$93,665,483**	**(7.58%)**
REQUIREMENTS								
Current Expenditures								
Personnel Services	8,854,425	9,262,025	9,618,935	9,567,174	9,992,345	9,992,345	9,992,345	4.44%
Materials and Services	35,581,343	38,260,199	43,229,693	43,229,693	38,906,429	38,906,429	39,453,973	(8.73%)
Capital Outlay	497,338	1,588,720	5,361,781	5,361,781	3,503,595	3,503,595	3,683,595	(31.30%)
Subtotal Current Expenditures	**44,933,106**	**49,110,944**	**58,210,409**	**58,158,648**	**52,402,369**	**52,402,369**	**53,129,913**	**(8.65%)**
Interfund Transfers:								
Interfund Reimbursements	4,353,932	4,363,236	4,754,458	4,754,458	4,580,513	4,580,513	4,580,513	(3.66%)
Internal Service Transfers	2,116,816	2,045,886	3,349,245	3,349,245	3,129,793	3,129,793	3,129,793	(6.55%)
Fund Equity Transfers	326,456	1,311,241	54,200	84,200	56,097	56,097	56,097	(33.38%)
Subtotal Interfund Transfers	**6,797,204**	**7,720,363**	**8,157,903**	**8,187,903**	**7,766,403**	**7,766,403**	**7,766,403**	**(5.15%)**
Contingency	0	0	15,105,279	15,075,279	15,988,214	15,988,214	15,293,514	1.45%
Ending Fund Balance	*$42,792,555*	*$39,731,933*	*$19,875,967*	*$19,927,728*	*$18,407,491*	*$18,407,491*	*$17,475,653*	*(12.30%)*
TOTAL REQUIREMENTS	**$94,522,865**	**$96,563,240**	**$101,349,558**	**$101,349,558**	**$94,564,477**	**$94,564,477**	**$93,665,483**	**(7.58%)**
FULL-TIME EQUIVALENTS	93.60	93.55	91.05	91.05	90.75	90.75	90.75	(0.33%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(0.30)

Current revenues and fund balance

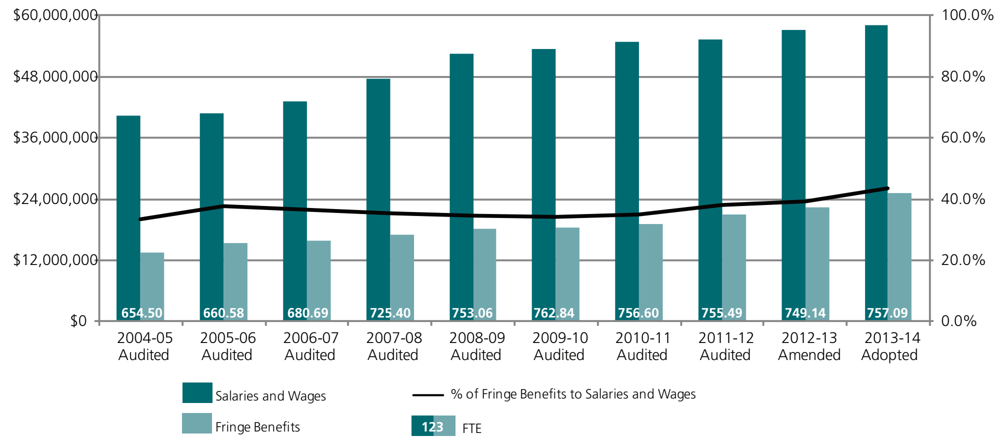


Current expenditures and full-time equivalents



Salaries, wages and benefits

FY 2013-14 Comparison of salaries and wages



Over the 10-year period authorized FTE has risen by approximately 102 FTE. Fifty percent of the increase is attributable to the addition of the Natural Areas bond program authorized by the voters in 2006, the Oregon Zoo Infrastructure and Animal Welfare bond program authorized by the voters in 2008, the newly authorized Parks and Natural Areas Local Option Levy approved in May 2013, or the reclassification of stagehands in 2007 from non-FTE-event related staff to regular FTE staff. Many of the remaining increases are the result of additions for specific projects such as the Community Investment Initiative, Active Transportation, Greenhouse Gas scenarios, Diversity program, internal training and the web redesign project. The positions are a combination of limited duration and regular status.

Salaries are a reflection of authorized FTE and are adjusted based on cost of living, step increase or merit awards and other collective bargaining factors. Metro has eight collective bargaining units. AFSCME 3580 and LIUNA 483, the two largest collective bargaining units representing approximately 50 percent of all regular staff and 70 percent of represented regular staff, have agreements in place through June 30, 2014. Both agreements provide for cost of living adjustments with set minimums and maximums as determined by CPI. The budget provides for a cost of living adjustment for regular represented employees ranging from 2.09 percent to 2.5 percent depending on bargaining unit, and a merit pool for non-represented employees of 2.25 percent. Metro's salary plan remains competitive in the market although there may be slight adjustments to salary ranges for specific classifications.

Fringe benefits include components such as payroll taxes, pension contribution and health and welfare premiums. Overall costs are driven primarily by two factors: pension contributions and health and welfare premiums. The PERS rate saw a significant increase of 5.2 percent effective July 1, 2011, and projected additional similar increases in future years. Anticipating this outcome, the Metro Council decided in FY 2009-10 to reserve for two years the 3 percent rate reduction of that actuarial period as a hedge against future rate increases. This reserve is now being used to reduce PERS related costs associated with the outstanding pension liability bonds, resulting in a 3 percent offset to the rate increase for a period of about three years through FY 2013-14.

The PERS rate is divided into two components – the employer rate and the employee contribution. The employer rate is determined through actuarial studies performed every two years. The employee pick-up rate is set at 6 percent. For years, Metro has paid the employee contribution on behalf of the employee, except for one collective bargaining group which opted at the time to receive the salary increase. Beginning July 1, 2011, all newly hired non-represented employees began paying their own PERS employee contributions. Beginning July 1, 2012, all newly hired AFSCME employees began paying their own PERS employee contributions.

Metro provides medical, dental and vision coverage on behalf of its employees. Prior to FY 2011-12 the agency's cost was subject to a cap set by the Metro Council for non-represented employees and through collective bargaining for represented employees. Monthly premium costs above the cap were paid by the employee. Historically, the cap increased approximately 5 percent annually. However, collective bargaining agreements negotiated a 10 percent cap increase from FY 2008-09 through FY 2010-11. Beginning in FY 2011-12 Metro moved to a cost sharing plan where the agency picks up a set percentage amount of the premium based on an employee's health and welfare elections. Non-represented employees receive a 92 percent employer share and 8 percent employee share; represented employees, a 94 percent/6 percent cost sharing plan.

The FY 2012-13 budget assumed that total health and welfare costs would increase at 10 percent more than the previous year. Actual costs for that year based on provider proposals only resulted in an average 5 percent increase. The FY 2013-14 budget is based on provider proposals for the coming year and again provides for only a 5 percent increase over the current year actual costs. While actual costs have increased 5 percent each of the last two years when compared to the previous year budget, health and welfare costs have remained flat.

Actual costs will depend on provider proposals received each spring, which are reviewed by the agency's Joint Labor Management Committee on health care, and the enrollment choices made by Metro employees.

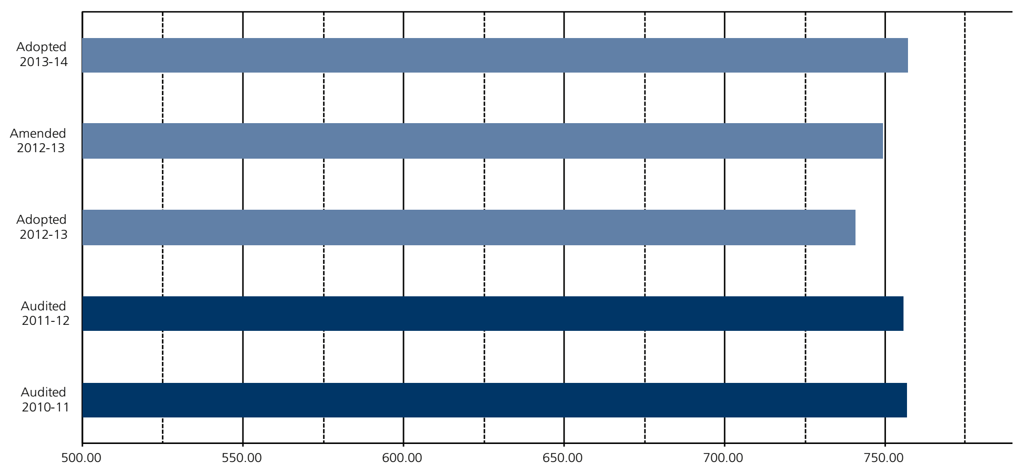
The appendices in the Detail volume provide more discussion on fringe benefit components.

Staff levels

Metro counts regular, benefit-eligible staff positions by full-time equivalent (FTE). 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.

Staffing levels since the beginning of the recession have gradually decreased, with the greatest change coming in FY 2012-13. Recent staffing changes by service area reflect the continuing consolidations and realignments arising from an agency reorganization. The majority of the changes were in place in FY 2009-10, the base year in the chart below. Since then changes have continued with the consolidation of the MERC business functions into Human Resources, Information Services and Finance and Regulatory Services, and the consolidation of Conservation and Education staff transferring staff from the Sustainability Center to the Oregon Zoo. For FY 2013-14, the budget reflects the continued consolidation of MERC business functions transferring additional staff from MERC to Information Services and Finance and Regulatory Services.

Historic staffing levels - overall



Historic staffing levels by service

	Audited FY 10-11	Audited FY 11-12	Adopted FY 12-13	Amended FY 12-13	Adopted FY 13-14	% Change from FY 12-13	% Change from FY 10-11
Office of the Metro Auditor	6.00	6.00	6.00	6.00	6.00	0.00%	0.00%
Office of the Council	25.25	25.38	25.38	26.39	26.69	1.13%	5.69%
Office of Metro Attorney	15.50	15.12	14.50	14.50	15.00	3.45%	(3.23%)
Communications	22.00	22.00	22.00	23.13	22.25	(3.80%)	1.14%
Finance and Regulatory Services	43.70	43.70	45.87	45.87	48.50	5.73%	10.98%
Human Resources	16.50	18.00	17.75	17.75	17.75	0.00%	7.58%
Information Services	23.50	26.00	25.50	25.50	27.50	7.84%	17.02%
Planning & Development	57.20	55.96	46.80	46.80	45.40	(2.99%)	(20.63%)
Parks & Environmental Services	98.55	97.30	97.15	102.65	107.05	4.29%	8.63%
Research Center	32.67	31.47	28.50	29.25	26.75	(8.55%)	(18.12%)
Sustainability Center	69.75	69.40	60.60	60.60	69.80	15.18%	0.07%
Visitor Venues	345.98	345.16	349.45	349.70	343.40	(1.80%)	(0.75%)
Non-Departmental	0.00	0.00	1.00	1.00	1.00	0.00%	n/a
TOTAL	**756.60**	**755.49**	**740.50**	**749.14**	**757.09**	**1.06%**	**0.06%**

Staffing changes for FY 2013-14

The FY 2013-14 adopted budget increases the number of authorized positions by a net 7.95 FTE. This includes the expiration of 5.99 limited duration positions as scheduled. The budget also eliminates 10.2 positions, a mix of management and represented positions, the majority of which have been managed by attrition. Some of these reductions reflect successfully completed projects; some reflect program efficiencies brought about by consolidation or increased automation. But the most difficult reductions reflect flat or slow growing general revenues, and declining grant revenues and activity-based revenues.

The budget includes an additional 24.11 FTE, the majority of which are associated with the new Parks and Natural Areas Local Option Levy approved by voters in May 2013. An additional 16.0 FTE will be added to provide for natural areas restoration, management and operations as well as improve public access to natural areas, provide conservation education and volunteer resources and funding for local community project grants. Also included in the budget are two proposals approved by the Metro Council during FY 2012-13. Staff has determined that bringing janitorial and security services for Metro Regional Center in-house will provide the best balance for agency needs. An additional 5.5 FTE is included to meet these service level needs. The remaining additional FTE are divided between the Visitor Venues all of which are offset by reductions in other FTE or by reducing temporary service employees.

A detailed list of all position changes is provided in the appendices of the Detail Volume of the Adopted Budget.

Full-time equivalent changes by organizational unit

		FY 2013-14 Changes							
	FY 2012-13 Amended FTE	Requested in 2012-13	Misc. Changes in FTE	Transferred Positions	Eliminated LD Positions	Eliminated Regular Positions	"New LD Positions"	"New Regular Positions"	FY 2013-14 Proposed FTE
Office of Metro Auditor	6.00	-	-	-	-	-	-	-	6.00
Council Office	26.39	0.99	-	(1.19)	-	0.50	-	0.30	26.69
Office of Metro Attorney	14.50	-	-	-	-	0.50	-	0.50	15.00
Communications	23.13	(0.38)	-	(0.50)	-	-	-	(0.88)	22.25
Finance and Regulatory Services	45.87	(0.20)	5.00	-	(2.17)	-	-	2.63	48.50
Human Resources	17.75	-	-	-	-	-	-	-	17.75
Information Services	25.50	-	2.00	-	-	-	-	2.00	27.50
Planning and Development	46.80	(0.40)	-	(1.00)	(2.00)	2.00	-	(1.40)	45.40
Parks and Environmental Services	102.65	-	(0.60)	-	-	5.00	-	4.40	107.05
Research Center	29.25	-	-	(2.50)	-	-	-	(2.50)	26.75
Sustainability Center	60.60	0.60	(0.40)	-	-	9.00	-	9.20	69.80
Visitor Venues	349.70	0.50	(6.00)	(0.80)	(6.00)	1.50	4.50	(6.30)	343.40
Non-Departmental	1.00	-	-	-	-	-	-	-	1.00
TOTAL	**749.14**	**1.11**	**-**	(5.99)	**(10.17)**	**18.50**	**4.50**	**7.95**	**757.09**

Debt Summary

Debt Summary

Metro uses long and short-term debt to finance capital projects and some capital equipment. The following pages provide a summary of Metro's overall debt level as well as an explanation of Metro's outstanding debt by type and issue.

In May 2012 Moody's Investors Services and Standard & Poor's reaffirmed Metro's Aaa/AAA ("double triple A") underlying general obligation bond rating, the highest rating available. Metro was one of only two local governments in Oregon to obtain the double triple A rating in 2007 and has maintained its rating through the recession because of the strength of its fund balance and financial policies. The value of the high grade rating was confirmed in the successful 2012 bond sale which netted Metro both a favorable interest rate and high yield premiums. In January 2013 Standard & Poor's awarded Metro a AAA rating for its Full Faith and Credit obligation issue, reaffirming Metro's strong financial practices.

SUMMARY OF OVERALL DEBT

Metro has a relatively low level of outstanding debt. As of July 1, 2013, Metro will have eight debt issues outstanding, totaling $282,845,000. Metro has authorized but unissued debt remaining from the 2006 Natural Areas measure and the 2008 Oregon Zoo Infrastructure and Animal Welfare measure. In May 2012 Metro issued the latest series of bonds under each of these authorizations for $75 million and $65 million, respectively. It is expected that the final bonds will be issued in spring or summer 2015.

The graphs and charts on the following pages summarize Metro's total outstanding debt by fiscal year as well as total debt as a percentage of real market value and assessed value. In addition, the Debt Ratios table 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. With the passage of Ballot Measure 50 in May 1997, assessed values were rolled back to FY 1994-95 levels less 10 percent and capped at no more than a 3 percent annual increase with exceptions for new construction. In the first 15 years following passage of the measure, real market values rose significantly faster than assessed values. In the past few years as the economy has stuttered, real market value has decreased by almost 17 percent. As a result the ratio of assessed value to real market value has risen from 53 percent in 2009 to an estimated 74 percent in 2014 (see chart on page B-37). Bonded debt is not subject to compression under Oregon's property tax laws.

Periodically Metro will refund bond issues to take advantage of lower interest rates. Metro currently has five 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 in the detail volume of the budget.

General Obligation Debt: $235,675,000 outstanding

Metro's Charter and Oregon state law require Metro to obtain voter approval prior to issuing any general obligation bonds. Voters have approved five general obligation bond issues: $65 million for the Oregon Convention Center issued in 1987, refunded in 1992 and 2001, and retired in January 2013; $135.6 million for Open Spaces, Parks and Streams issued in three series in 1995, with two of the three series refunded in 2002 and again in 2012; $28.8 million for improvements to the Oregon Zoo issued in 1996 and refunded in 2005; $227.4 million for Natural Areas, the first series of which was issued in April 2007; and $125.0 million for Oregon Zoo infrastructure and projects related to animal welfare, for which two small issues of $5 million and $15 million were placed in December 2008 and August 2010, respectively. In May 2012 Metro issued an additional $75 million under the 2006 Natural Areas authorization and $65 million under the 2008 Oregon Zoo Infrastructure authorization.

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 0.13 percent of real market value. The Metro Debt Limitation Comparison table (page B-38) shows a comparison of Metro's outstanding general obligation bonds to the statutory debt limit.

Full Faith and Credit Bonds: $24,870,000 outstanding

Metro issued full faith and 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 Bond issued in 1993, backed by assessments to Metro departments occupying Metro's headquarters building. The zoo obligations were loans from the Oregon Economic and 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 to be repaid from zoo revenues. In February 2013 the callable portion of these bonds was refunded receiving a net present value savings of 10.1 percent.

In April 2006 Metro joined with two other Oregon local governments to issue full faith and credit refunding bonds to refund the outstanding obligation remaining on an Oregon Economic Development Department, Special Public Works Fund loan. In April 2000 Metro obtained a loan from the Oregon Bond Bank through the Oregon Economic Development Department, Special Public Works Fund to pay for the construction of a new building to replace the existing Hall D at the Portland Expo Center. The loan was divided into two parts with the first being used to finance the construction of the Hall D replacement. The second part of the loan was for infrastructure improvements associated with the new building. The loan was paid from Portland Expo Center revenues.

The full faith and credit bonds are backed by a broader pledge of Metro revenues, including property taxes used to support operations and excise taxes levied on users of certain Metro services. The prior funding sources will continue to be used to pay debt service on the full faith and credit bonds, but the additional backing from other Metro revenues provides greater security for bondholders.

Pension Obligation Bonds: $22,300,000 outstanding

In fall 2005 Metro joined with a pool of other local governments in the State of Oregon to issue limited tax pension obligation bonds to fund its share of the Oregon Public Employees Retirement System unfunded actuarial liability. Metro's share of the total principal will be repaid over a period of 22 years through assessments on operating units in exchange for a lower pension cost.

PLANNED DEBT

In May 2012 Metro issued the latest series of general obligation bonds under both the 2006 Natural Areas authorization and the 2008 Oregon Zoo Infrastructure and Animal Welfare authorization. The total new debt issued was $140 million: $75 million for Natural Areas and $65 million for Oregon Zoo Infrastructure. With this issuance, there is a balance remaining on the Natural Areas authorization of $28.105 million and on the Oregon Zoo Infrastructure authorization of $40 million. Metro expects to issue the final series of bonds under both authorizations in the spring or summer of 2015. Current plans are to structure debt payments such that all issues are repaid within 20 years from the date of the original authorization, with final maturity in 2026 for the Natural Areas bonds and 2028 for the Oregon Zoo Infrastructure and Animal Welfare bonds.

Outstanding debt issues

	Original Amount	Original Issue Date	Principal Outstanding	Final Maturity	Source of Payment
GENERAL OBLIGATION BONDS					
General Obligation Refunding Bonds					
Metro Washington Park Zoo Oregon Project 2005 Series	18,085,000	5/12/05	8,190,000	1/15/2017	Property Taxes
Open Spaces, Parks, and Streams 2012B Series	27,575,000	5/23/12	18,685,000	6/1/2015	Property Taxes
General Obligation Bonds					
Natural Areas 2007 Series	124,295,000	4/3/07	77,715,000	6/1/2026	Property Taxes
Natural Areas 2012A Series	75,000,000	5/23/12	70,920,000	6/1/2026	Property Taxes
Oregon Zoo Infrastructure 2012A Series	65,000,000	5/23/12	60,165,000	6/1/2028	Property Taxes
TOTAL GENERAL OBLIGATION BONDS OUTSTANDING			**$235,675,000**		
FULL FAITH AND CREDIT BONDS					
Full Faith and Credit Refunding Bonds					
2003 Series	24,435,000	10/16/03	1,385,000	8/1/2013	General Revenues
2006 Series	14,700,000	4/20/06	10,885,000	12/1/2024	General Revenues
2013 Series	12,600,000	2/26/13	12,600,000	8/1/2022	General Revenues
TOTAL FULL FAITH & CREDIT BONDS OUTSTANDING			**$24,870,000**		
PENSION OBLIGATION BONDS					
Limited Tax Pension Obligation Bonds					
Series 2005	$24,290,000	9/23/05	$22,300,000	6/1/2028	Department Assessments
TOTAL PENSION OBLIGATION BONDS OUTSTANDING			**$22,300,000**		
GRAND TOTAL – METRO DEBT OUTSTANDING			**$282,845,000**		

Comparison of Assessed Value to Real Market Value

	Year ending June 30,	Assessed Value	Change in Assessed Value	% Change in Assessed Value	Real Market Value	Change in Real Market Value	% Change in Real Market Value	Ratio Assessed Value to Real Market Value	M5: Loss due to Compression	% Change in Loss due to Compression
(1)	1997	77,721,485,259	----------	--------	77,721,485,259	----------	--------	100.0%		
	1998	66,711,834,456	(11,009,650,803)	(14.2%)	87,320,546,481	9,599,061,222	12.4%	76.4%		
	1999	71,935,532,500	5,223,698,044	7.8%	94,157,744,893	6,837,198,412	7.8%	76.4%		
	2000	76,258,210,803	4,322,678,303	6.0%	105,147,450,817	10,989,705,924	11.7%	72.5%		
	2001	81,009,866,113	4,751,655,310	6.2%	113,011,064,594	7,863,613,777	7.5%	71.7%	**Data not tracked prior to FY 2006-07**	
	2002	86,489,564,017	5,479,697,904	6.8%	123,050,948,638	10,039,884,044	8.9%	70.3%		
	2003	89,837,920,089	3,348,356,072	3.9%	128,542,544,330	5,491,595,692	4.5%	69.9%		
	2004	92,737,859,477	2,899,939,388	3.2%	138,455,070,187	9,912,525,857	7.7%	67.0%		
	2005	96,486,155,140	3,748,295,663	4.0%	146,360,729,671	7,905,659,484	5.7%	65.9%		
	2006	100,603,570,790	4,117,415,650	4.3%	156,692,361,468	10,331,631,797	7.1%	64.2%		
	2007	105,614,559,121	5,010,988,331	5.0%	181,787,247,525	25,094,886,057	16.0%	58.1%	103,618	--------
	2008	111,760,381,863	6,145,822,742	5.8%	207,455,843,980	25,668,596,455	14.1%	53.9%	106,945	3.2%
	2009	116,514,323,505	4,753,941,642	4.3%	218,478,090,509	11,022,246,529	5.3%	53.3%	122,926	14.9%
	2010	120,667,474,935	4,153,151,430	3.6%	208,123,520,973	(10,354,569,536)	(4.7%)	58.0%	135,553	10.3%
	2011	124,354,465,812	3,686,990,877	3.1%	196,930,643,603	(11,192,877,370)	(5.4%)	63.1%	161,385	19.1%
	2012	127,913,281,573	3,558,815,761	2.9%	186,113,692,723	(10,816,950,880)	(5.5%)	68.7%	223,065	38.2%
	2013	130,835,372,208	2,922,090,635	2.3%	183,508,101,025	(2,605,591,698)	(1.4%)	71.3%	295,537	32.5%
(2)	2014	133,779,168,083	2,943,795,875	2.3%	181,673,020,015	(1,835,081,010)	(1.0%)	73.6%	325,000	10.0%

(1) The passage of ballot measure 50 converted the State of Oregon from a levy based to a rate based property tax system with reductions in assessed values.

(2) Estimate for FY 2013-14 budget.

Debt ratios as of July 1, 2013

FY 2013-14 Estimated Real Market Value **$182,115,877,804**
2013 Estimated Population **1,689,765**

	Debt Outstanding	Debt per Capita	Debt as % of Real Market Value
General Obligation Debt	$235,675,000	$139.47	0.13%
Full Faith and Credit Bonds	24,870,000	14.72	0.01%
Pension Obligation Bonds	22,300,000	13.20	0.01%
TOTAL METRO DEBT	**$282,845,000**	**$167.39**	**0.16%**

Debt ratios as of June 30, 2014

FY 2013-14 Estimated Real Market Value **$182,115,877,804**
2013 Estimated Population **1,689,765**

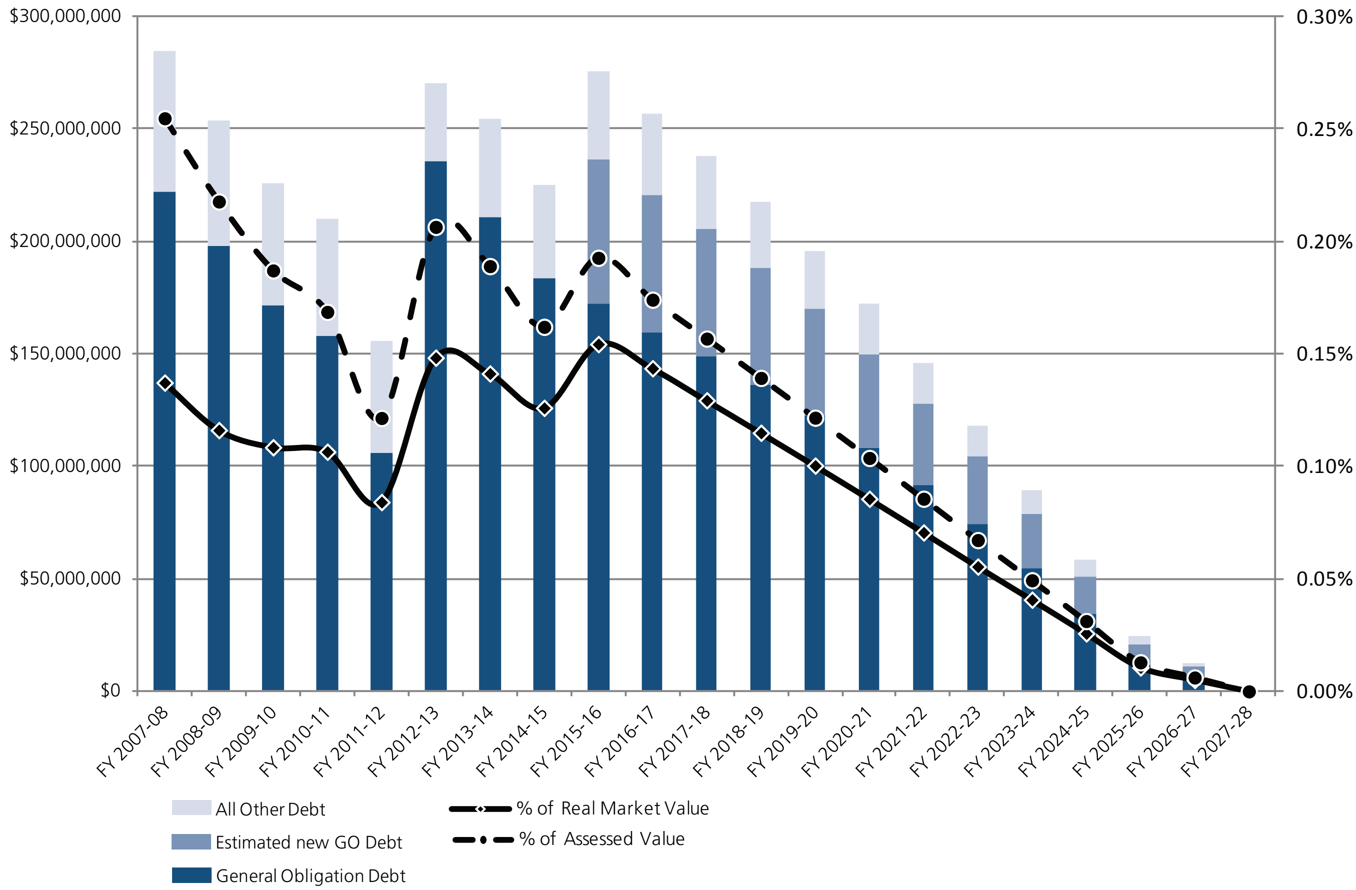
	Debt Outstanding	Debt per Capita	Debt as % of Real Market Value
General Obligation Debt	$210,460,000	124.55	0.12%
Full Faith & Credit Bonds	$22,675,000	13.42	0.01%
Pension Obligation Bonds	$21,685,000	12.83	0.01%
TOTAL METRO DEBT	**$254,820,000**	**$150.80**	**0.14%**

Debt limitation comparison

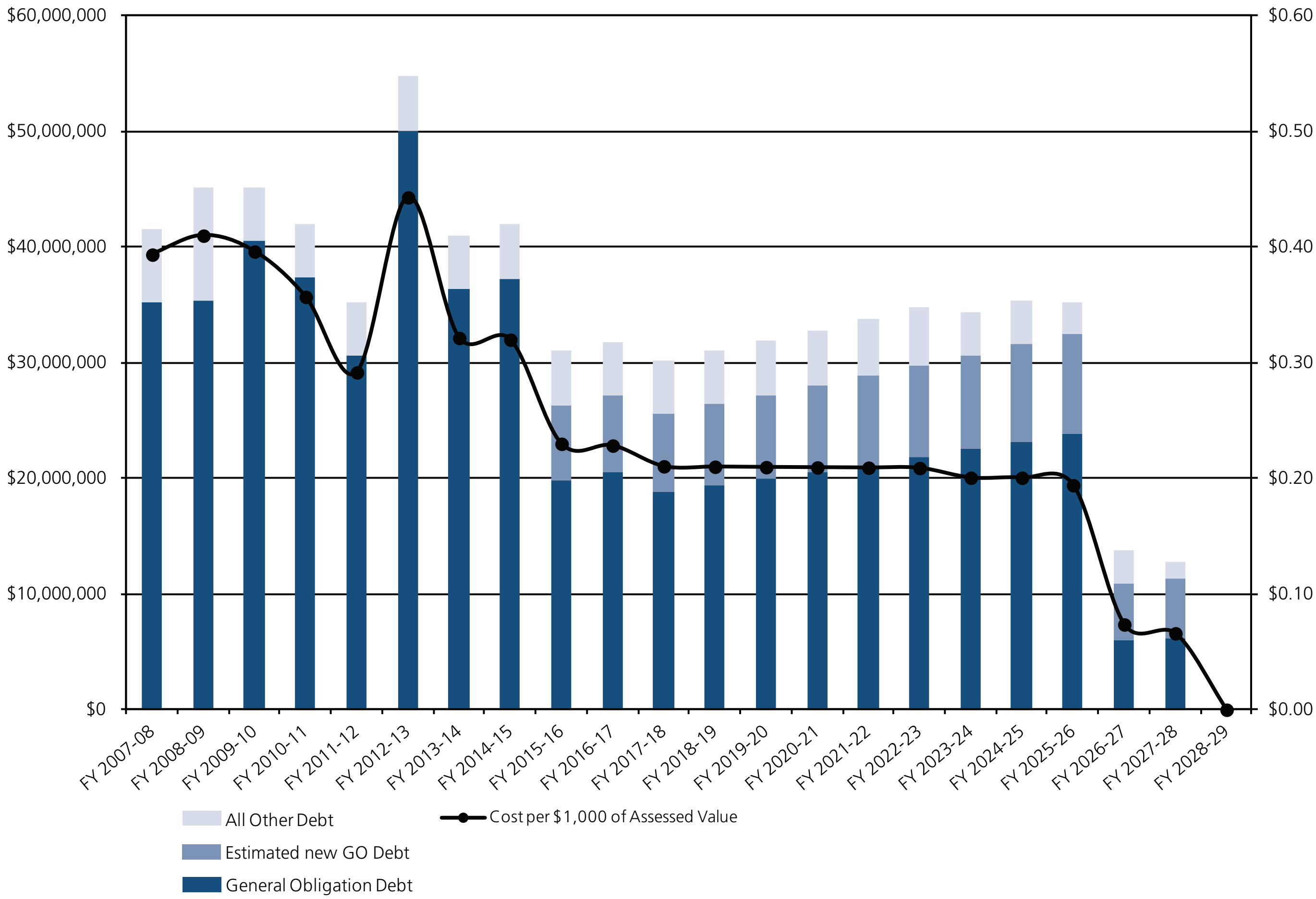
Statutory general obligation bond limit – 10 percent of Real Market Value

FY 2013-14 Estimated Real Market Value	182,115,877,804
General Obligation Debt Limit Percentage	10%
Statutory General Obligation Bond Limit	$18,211,587,780
Less General Obligation Debt Outstanding	$235,675,000
General Obligation Bond Limit Remaining	$17,975,912,780
Metro's General Obligation Debt Percentage	0.13%

Outstanding debt by fiscal year



Debt service payments by fiscal year



FY 2013-14 Summary of debt service payments

	Principal	Interest	Fiscal Year Debt Service
General Obligation Refunding Bonds			
Metro Washington Park Zoo Oregon Project 2005 Series	1,890,000	387,400	2,277,400
Open Spaces, Parks, and Streams 2012B Series	9,150,000	842,750	9,992,750
General Obligation Bonds			
Natural Areas 2007 Series	4,400,000	3,739,750	8,139,750
Natural Areas 2012A Series	4,610,000	3,404,350	8,014,350
Oregon Zoo Infrastructure 2012A Series	5,165,000	2,758,425	7,923,425
Full Faith & Credit Refunding Bonds			
2003 Series	1,385,000	24,238	1,409,238
2006 Series	705,000	483,650	1,188,650
2013 Series	105,000	166,433	271,433
Limited Tax Pension Obligation Bonds, Series 2005	615,000	1,105,071	1,720,071
TOTAL FY 2013-14 DEBT SERVICE PAYMENTS	**$28,025,000**	**$12,912,066**	**$40,937,066**

Capital Improvement Plan Summary

Overview

A capital project is defined in Metro's capital improvement plan (CIP) as any physical asset acquired or constructed by Metro with a total capital cost of $100,000 or more and a useful life of at least five years. The CIP for the next five years, FY 2013-14 through FY 2017-18, includes 163 projects with anticipated new spending of $189.5 million.

The foundation for the CIP is provided by the capital project requests from operating units. To develop these requests, departments inventory existing capital assets, assess the status of current capital projects and assess future capital needs. Operating programs and the financial planning division prepare five-year financial forecasts that are used to evaluate each program's funding capacity for the capital projects requested. The Chief Operating Officer reviews and includes selected projects in the proposed budget. The Metro Council reviews and acts on the proposed CIP following a public hearing. The Council adopts the five-year plan in its entirety and makes appropriations for the first year through budget adoption. Changes to the plan require Council action by resolution or ordinance, depending on the circumstance.

Five-year CIP Summary: FY 2013-14 through FY 2017-18

The summary table below presents the capital costs of projects by fiscal year, by operating unit. The "Total" column represents the overall project costs, including expenditures in all prior years. This year's CIP remains dominated by bond projects.

Total projects costs by organization unit

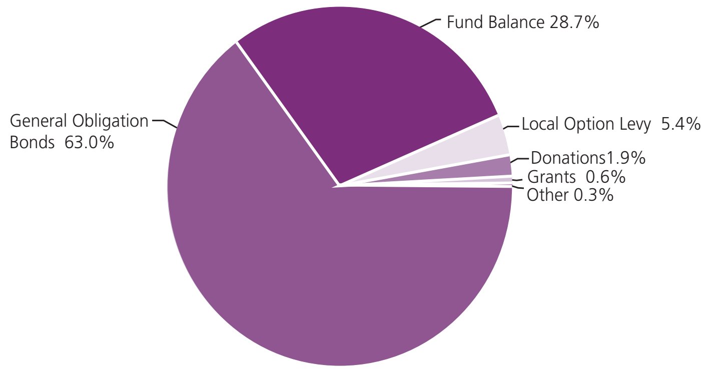
	Total Projects	Prior Years	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total
Finance and Regulatory Services	2	885,000	240,000	30,000	30,000	30,000	30,000	1,245,000
Information Services	4	614,545	897,893	408,475	285,913	340,063	432,301	2,979,190
Parks and Environmental Services	45	1,088,283	5,747,559	5,412,157	2,427,486	4,264,635	4,822,843	23,762,963
Parks and Natural Areas Levy	27	0	1,565,000	3,860,000	3,250,000	1,065,000	750,000	10,490,000
Sustainability Center	5	83,524,000	21,652,441	5,000,000	5,000,000	4,000,000	0	119,176,441
Visitor Venues- MERC	49	330,000	3,516,008	3,637,000	5,377,000	4,435,000	4,535,000	21,830,008
Visitor Venues- Oregon Zoo	31	20,944,719	31,942,857	21,358,804	16,929,383	13,080,988	13,156,739	117,413,488
TOTAL	**163**	**107,386,547**	**65,561,758**	**39,706,436**	**33,299,782**	**27,215,686**	**23,726,883**	**296,897,091**
FIVE YEAR TOTAL, FY 2013-14 THROUGH FY 2017-18			**189,510,544**					

Parks and Environmental Services spending includes solid waste projects, parks renewal and replacement and projects for the Metro Regional Center. The Sustainability Center includes bond funding for land purchases as well as grant and general funding for trail construction at Blue Lake. The Oregon Zoo projects reflect expenditures in the zoo bond program approved by voters in 2008 as well as other capital and renewal and replacement projects. MERC includes capital projects for the Oregon Convention Center, Portland Center for the Performing Arts and the Portland Expo Center. The voter-approved Parks and Natural Areas Levy includes both new capital and renewal and replacement projects at Metro's parks and natural areas.

SOURCES OF FUNDS

Expected spending for the next five years is $189.5 million, apportioned as follows:

Major funding sources



General Obligation Bonds

The Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bond proceeds continue to dominate at 63 percent of funding for CIP projects.

Fund balance

The second largest source of funds for capital projects, almost 29 percent of total funds, is fund balance. Metro uses an accumulating strategy for its renewal and replacement funding, resulting in a more predictable and level annual contribution, no matter what projects start in any given year. The Solid Waste Revenue Fund employed this technique as a condition of its now retired bond financing for the transfer stations and continues to do so. The General Fund established its General Renewal and Replacement Fund (now housed in the General Asset Management Fund) in 2008, fueled by a $5.7 million initial contribution. In 2011 the MERC Fund also designated dedicated renewal and replacement funding for each of its venues. This financing technique is particularly well suited for small-to medium-sized projects.

Local Option Levy

The Parks and Natural Areas local option levy will make up about 5.4 percent of funding for CIP projects. All local option levy funding in the CIP will support capital and renewal and replacement projects at Metro's parks and natural areas.

Donations

Donations vary annually and reflect contributions from the Oregon Zoo Foundation and the Portland Center for the Performing Arts Foundation, targeted to specific projects.

Grants and Other

Grants and other sources support less than one percent of total five-year funding for capital projects, including a portion of funding for the 40-mile loop project at Blue Lake and several sustainability projects at the Expo Center.

Additional detail about CIP projects and their funding can be found in Detail Budget volume.

Financial Policies

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2013-14 THROUGH 2017-18, APPROVING THE METROPOLITAN TOURISM OPPORTUNITY COMPETITIVENESS ACCOUNT PROJECTS AND RE-ADOPTING METRO'S FINANCIAL POLICIES	)	RESOLUTION NO. 13-4439 Introduced by Martha Bennett, Chief Operating Officer, with concurrence of the Council President

WHEREAS, Metro recognizes the need to prepare a long-range plan estimating the timing, scale and cost of its major capital projects and equipment purchases; and

WHEREAS, Metro's Chief Operating Officer has directed the preparation of a Capital Improvement Plan for fiscal years 2013-14 through 2017-18 that projects Metro's major capital spending needs over the next five years;

WHEREAS, the Metro Council has reviewed the FY 2013-14 through FY 2017-18 Capital Improvement Plan; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2013-14 budget including the FY 2013-14 through FY 2017-18 Capital Improvement Plan; and

WHEREAS, the Metro Council approves projects funded by the Metropolitan Tourism Opportunity Competitiveness Account (MTOCA); and

WHEREAS, the Metro Council annually reviews and readopts its Comprehensive Financial Policies including the Capital Asset Management Policies; now therefore

BE IT RESOLVED that the Metro Council hereby authorizes the following:

1. That the FY 2013-14 through FY 2017-18 Capital Improvement Plan (CIP), summarized in Exhibit A, is hereby adopted.

2. That the FY 2013-14 capital projects from the FY 2013-14 through FY 2017-18 Capital Improvement Plan be included and appropriated in the FY 2013-14 budget.

3. That the Comprehensive Financial Polices, including the Capital Asset Management Policies, included as Exhibit B to this Resolution, are re-adopted and will be published in the FY 2013-14 budget.

ADOPTED by the Metro Council this 20 day of June 2013.

Tom Hughes, Metro Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

Financial policies

In 2004 the Metro Council enacted Resolution No. 04-3465, "adopting comprehensive financial policies for Metro."

Metro's financial policies are reviewed annually and approved by the Metro Council for inclusion in the adopted budget. The financial policies are the cornerstone of Metro's financial planning and financial management. Budget decisions are framed in relation to the policies; exceptions, usually related to fund balance, are disclosed in the budget message; and quarterly reporting on financial performance provides transparency and accountability. In May 2012 Metro's highest grade bond ratings were confirmed by Standard & Poor's and Moody's Investors Services. Both rating agencies cited Metro's strong financial policies and its commitment to following them.

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. Recently the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the Metro Council to make certain policy decisions regarding the use of resources and classifications of fund balance. In June 2010 the Metro Council took action to amend Metro's Comprehensive Financial Policies to incorporate the GASB Statement No. 54 principles and to re-approve the policies. These changes are reflected in Budget and Financial Planning, section 2.

These financial 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.
   a. The Metro Council delegates to the Chief Operating Officer the authority to assign (and un-assign) additional amounts intended to be used for specific purposes more narrow than the overall purpose of the fund established by Council. A schedule of such assignments shall be included within the adopted budget document.
   b. Metro considers restricted amounts to have been spent prior to unrestricted (committed, assigned, or unassigned) amounts when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. Within unrestricted amounts, committed amounts are considered to have been spent first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
   c. The following information shall be specified by Council in the establishment of Stabilization Arrangements as defined in GASB Statement No. 54: a) the authority for establishing the arrangement (resolution or ordinance), b) the requirements, if any, for additions to the stabilization amount, c) the specific conditions under which stabilization amounts may be spent, and d) the intended stabilization balance.
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 re-adoption.
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 and Replacement Reserve account for each operating fund responsible for major capital assets.

   Ensuring that the public receives the maximum benefit for its investments in major facilities and equipment requires an ongoing financial commitment. A Renewal and 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 $100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of $100,000 or more that have a useful life of at least five years.[1]

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

[1] Effective July 1, 2009, capital asset threshold was increased from $50,000 to $100,000 in accordance with Metro Resolution 08-3941A. This reflected a State of Oregon definition of a public improvement project.

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 and 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 and Replacement Reserve account should be evaluated and adjusted to reflect the greater of the average renewal and replacement project needs over the coming five years or 2 percent 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 and 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 and Replacement Reserve policy for the asset to ensure resources are adequate to meet future major maintenance needs.

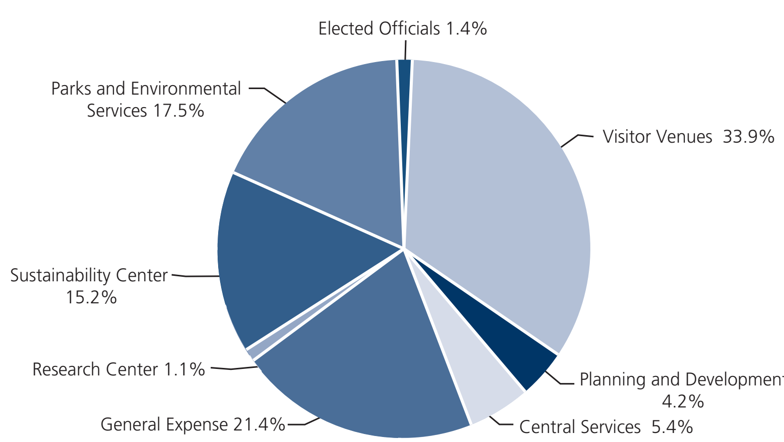
    New Metro facilities should be planned within the overall business and service objectives of the agency. To ensure that the public gains the maximum utility from the new facility or capital asset, Metro should identify the full cost of building and operating the facility throughout its useful life. Resources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

Organizational summary

Organizational summary

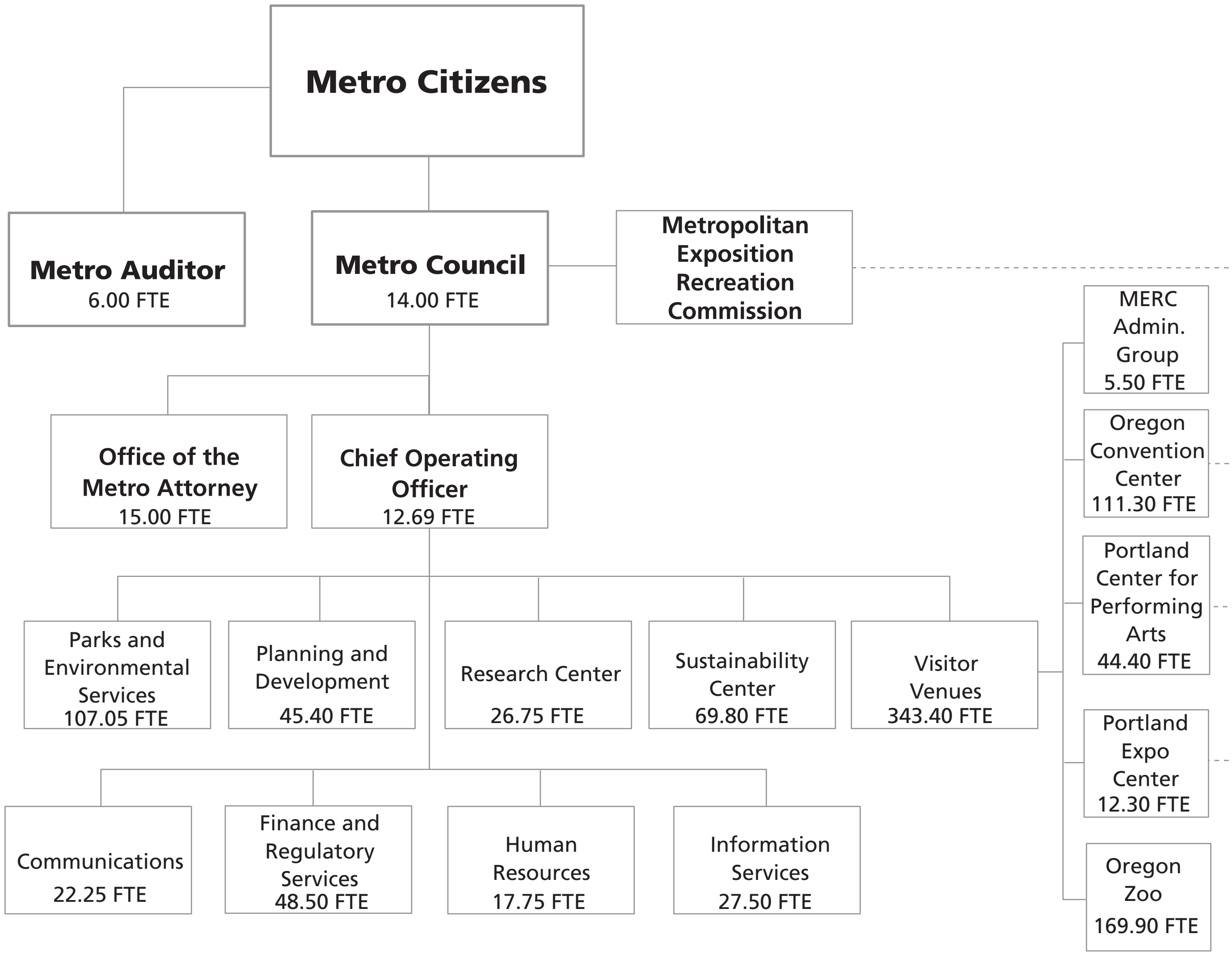
	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$73,984,490	$76,388,503	$79,964,117	$79,683,638	$83,203,038	$83,203,038	$83,751,779	5.11%
Materials and Services	99,375,744	96,023,271	116,199,406	120,819,885	117,050,113	117,050,113	121,872,363	0.87%
Capital Outlay	24,478,087	28,293,893	65,845,165	67,946,194	65,246,974	65,246,974	66,398,950	(2.28%)
Debt Service	41,950,078	64,941,026	54,769,223	54,769,223	40,937,068	40,937,068	40,937,068	(25.26%)
Interfund Reimbursements	8,396,573	9,167,136	10,118,777	10,118,777	9,885,541	9,885,541	9,885,541	(2.30%)
Internal Service Charges	2,887,871	2,820,489	4,143,190	4,143,190	5,000,442	5,000,442	5,000,442	20.69%
Interfund Loan	0	0	2,431,000	2,431,000	239,800	239,800	2,670,800	9.86%
Fund Equity Transfers	10,708,854	9,948,218	6,522,471	6,645,571	5,622,413	5,622,413	6,072,413	(8.62%)
TOTAL	**$261,781,697**	**$287,582,536**	**$339,993,349**	**$346,557,478**	**$327,185,389**	**$327,185,389**	**$336,589,356**	**(2.88%)**
BUDGET BY ORGANIZATION								
Office of the Metro Auditor	$612,596	$663,772	$708,748	$717,764	$712,882	$712,882	$725,382	1.06%
Office of the Council	3,264,909	3,218,601	3,964,829	4,155,240	3,625,837	3,625,837	3,938,637	(5.21%)
Office of Metro Attorney	1,839,519	1,909,208	1,927,172	1,913,205	2,061,480	2,061,480	2,061,480	7.75%
Communications	2,368,447	2,486,980	2,601,585	2,627,325	2,657,948	2,657,948	2,701,648	2.83%
Finance and Regulatory Services	5,424,445	5,631,630	6,363,845	6,300,997	6,697,996	6,697,996	6,808,292	8.05%
Human Resources	1,817,978	1,954,162	2,167,032	2,134,833	2,164,042	2,164,042	2,219,337	3.96%
Information Services	3,571,509	3,617,851	4,485,789	4,475,359	4,146,398	4,146,398	4,381,058	(2.11%)
Planning & Development	10,357,803	9,240,393	14,477,196	14,456,370	13,780,023	13,780,023	14,216,023	(1.66%)
Parks & Environmental Services	44,382,087	48,231,365	59,419,449	60,707,179	58,164,252	58,164,252	58,805,623	(3.13%)
Research Center	4,196,799	4,189,141	3,880,935	3,945,655	3,621,574	3,621,574	3,644,374	(7.64%)
Sustainability Center	30,857,777	38,955,196	56,766,211	56,959,948	50,842,461	50,842,461	51,208,084	(10.10%)
Visitor Venues	78,692,408	78,481,177	99,168,886	103,628,831	110,455,697	110,455,697	113,969,819	9.98%
General Expense	74,395,420	89,003,060	84,061,672	84,534,772	68,254,799	68,254,799	71,909,599	(14.93%)
TOTAL	**$261,781,697**	**$287,582,536**	**$339,993,349**	**$346,557,478**	**$327,185,389**	**$327,185,389**	**$336,589,356**	**(2.88%)**
Contingency	0	0	61,037,639	56,421,152	58,243,430	58,243,430	60,244,356	6.78%
Unappropriated Balance	174,355,620	302,267,337	134,786,594	139,222,770	96,237,801	96,237,801	93,801,795	(32.62%)
TOTAL BUDGET	**$436,137,317**	**$589,849,873**	**$535,817,582**	**$542,201,400**	**$481,666,620**	**$481,666,620**	**$490,635,507**	(9.51%)
FULL-TIME EQUIVALENTS	756.60	755.49	740.50	749.14	752.55	752.55	757.09	1.06%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								7.95

Organizational summary



Total expenditures: $336,589,356

Organizational Chart



FY 2012-13 Total FTE – 743.14
FY 2013-14 Total FTE – 757.09

Metro Council

FY 2012-13 26.39 FTE

FY 2013-14 26.40 FTE

Council Office

Office of the Chief Operating Officer

- Diversity Program
- Equity Strategy Program

Government Affairs and Policy Development

- Community Investment Initiative

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$2,877,485	$2,701,738	$3,271,979	$3,358,319	$3,095,137	$3,095,137	$3,121,842	(7.04%)
Materials and Services	387,424	516,863	692,850	796,921	530,700	530,700	816,795	2.49%
TOTAL	**$3,264,909**	**$3,218,601**	**$3,964,829**	**$4,155,240**	**$3,625,837**	**$3,625,837**	**$3,938,637**	**(5.21%)**
BUDGET BY FUND								
General Fund	$3,264,909	$3,218,601	$3,964,829	$4,155,240	$3,625,837	$3,625,837	$3,938,637	(5.21%)
TOTAL	**$3,264,909**	**$3,218,601**	**$3,964,829**	**$4,155,240**	**$3,625,837**	**$3,625,837**	**$3,938,637**	**(5.21%)**
FULL-TIME EQUIVALENTS (FTE)	25.25	25.38	25.38	26.39	26.40	26.40	26.69	1.13%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								0.30

The Metro Council consists of seven elected officials who provide regional governance and leadership by fulfilling Metro's mission of crossing city limits and county lines to work with communities to create a vibrant and sustainable region for all. As the governing body of Metro, the Council develops long range plans for existing and future Metro activities, and assures the financial integrity of the agency.

Metro Council

MAJOR PROGRAMS

Council Office – The Council Office includes the seven councilors and policy and administrative staff that support the councilors as individuals as well as the Council as a whole in its role as a legislative body. Professional staff acts as a liaison between the councilors and Metro staff and external partners and stakeholders. An internship program provides learning and mentoring opportunities, as well as supporting the councilors and professional staff with research, analysis and operational support.

Office of the Chief Operating Officer – The Chief Operating Officer (COO) serves at the pleasure of the Council and provides leadership and management authority to agency staff by implementing the Council's policy directives, goals and objectives. The COO and Deputy COO enforce Metro ordinances, provide day-to-day management of Metro's resources, programs, enterprise businesses, facilities and workforce and prepare the proposed budget for Council consideration.

Government Affairs and Policy Development – This program supports current Council and agency objectives through policy development, strategic analysis and intergovernmental relations and advises the Council on emerging policies and initiatives.

Community Investment Initiative – The Community Investment Initiative (CII) is led by a Leadership Council consisting of business leaders, community nonprofit representatives, educators and former elected officials. The Leadership Council is charged with looking at infrastructure investment strategies for economic growth. The Leadership Council and Metro staff work together to craft an integrated federal, state, regional and local investment strategy to help close the gap between the region's needs and its financial means.

Diversity Program – The Diversity program is responsible for the development, implementation and communication of diversity strategies which support Metro's values, goals and Diversity Action Plan.

Equity Strategy Program – The Equity Strategy program is responsible for the development of an agency-specific Equity Strategy for Metro. The Equity Strategy will define Metro's roles and responsibilities in advancing equity as one of the region's six desired outcomes and will guide implementation of an actionable and measurable Equity Action Plan across the agency.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
(0.8)	($89,500)	Limited duration Program Analyst III position in CII eliminated at 09/30/13.
	($16,250)	Reduce temporary staffing support for CII.
	($249,500)	Reduce consultant support and Leadership Council administrative support for CII.
0.2	$33,400	Add 0.20 FTE Policy Advisor I to support development of Regional Infrastructure Enterprise and implementation of demonstration projects.
3.0	$240,000	Add 3.0 FTE in support of the Equity Strategy program.
	$131,500	Add materials and services in support of the Equity Strategy program.
2.4	**$49,650**	**TOTAL**

PERFORMANCE MEASURES

Level of satisfaction through staff questionnaire, "I am proud to work for Metro."

10/11	11/12	12/13	*13/14*	*14/15*	*15/16*	*16/17*
94.5%	NA*	78.2%	*81%*	*82.5%*	*84%*	*85%*

*Data generated by Sightlines survey is conducted biennially.

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Completed orientation and inauguration of three new Metro councilors.
- Concluded the Hotel Market Impact Study successfully.
- Initiated an agency-wide Equity Strategy program.
- Metro Council referred a levy for operations and maintenance on Metro parks and natural areas to the voters of the region for May 2013.
- Assisted in launching Greater Portland Export Leaders to implement the recommendations of the Metropolitan Export Initiative.
- Developed and executed the 2013 legislative agenda.
- Facilitated the development of a regional agenda on transportation for the 2013 Oregon legislative session.
- Provided key direction to the Climate Smart Communities project which mandates Metro to execute the requirements of House Bill 2001 for greenhouse gas scenario planning.
- Continued federal lobbying effort on transportation, including coordination of regional federal transportation agenda.
- Appointed an additional Council liaison to the Regional Infrastructure Enterprise implementation group of the Community Investment Initiative.
- Partnered with regional leaders to implement the Community Investment Initiative strategic plan resulting in an assessment tool to foster development-ready communities, legislative strategy in support of infrastructure funding, decision-making tool for school investment prioritization, and a business plan to develop the Regional Infrastructure Enterprise.
- Successfully implemented some local government engagement improvements including Council Office review of local agendas and directed attendance at key local meetings.
- Updated and modernized Council Rules and Procedures that had not been revisited in more than 15 years.

KEY OBJECTIVES FOR FY 2013-14

- Execute Metro's role in implementing the Regional Infrastructure Enterprise business plan for the Community Investment Initiative.
- Improve local outreach and engagement strategy as directed by the Metro Council.
- Develop and execute 2014 legislative strategy and agenda.
- Provide political leadership in the urban growth management process.
- Support Visitor Venues general manager and staff in completing terms of development agreement for the Oregon Convention Center hotel.
- Continue to provide direction to the Climate Smart Communities project which mandates Metro to execute the requirements of House Bill 2001 for greenhouse gas scenario planning.

- Continue serving as agency liaison to West Hayden Island planning process to reconcile deepwater marine industrial lands with fish and wildlife habitat protection.
- Complete management diversity training that will build on planned leadership diversity training from FY 2012-13.
- Initiate agency-wide Cultural Compass Survey in fall 2013.
- Develop Equity Baseline for the region's desired outcomes, aside from equity (complete step 1 of multi-year process).
- Implement management equity training (coordinated with diversity program training).

Metro Auditor

FY 2012-13: 6.00 FTE
FY 2013-14: 6.00 FTE

Performance audits

- Provide objective analysis to improve service quality and efficiency.
- Ensure that Metro is accountable and transparent.

Metro Ethics Line

- Respond to reports of fraud, waste, abuse and ethical violations.

Statutory financial audit

- Ensure the independence and objectivity of the external financial audit.

Summary of Metro Auditor

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$584,191	$639,243	$664,274	$673,290	$676,911	$676,911	$689,411	2.39%
Materials and Services	28,405	24,529	44,474	44,474	35,971	35,971	35,971	(19.12%)
TOTAL	**$612,596**	**$663,772**	**$708,748**	**$717,764**	**$712,882**	**$712,882**	**$725,382**	**1.06%**
BUDGET BY FUND								
General Fund	$612,596	$663,772	$708,748	$717,764	$712,882	$712,882	$725,382	1.06%
TOTAL	**$612,596**	**$663,772**	**$708,748**	**$717,764**	**$712,882**	**$712,882**	**$725,382**	**1.06%**
FULL-TIME EQUIVALENTS (FTE)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	0.00%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								0.00

Metro Auditor

The Office of the Metro Auditor ensures that Metro and its activities are transparent and accountable to the public. Auditors objectively analyze Metro programs to determine areas where service quality can be improved and efficiencies can be gained. The Metro Auditor selects an external financial auditing firm to audit Metro's annual financial statements and administers the contract.

MAJOR PROGRAMS

Performance Audits – After conducting a risk assessment, the Metro Auditor decides which audits will be scheduled for the next fiscal year. Auditors provide written audit reports on topics covering the full spectrum of Metro organizational units and activities. Audits are conducted following Government Auditing Standards. The results are presented publicly to the Metro Council and published on the Auditor's web site. The office regularly tracks the implementation of audit recommendations and conducts follow-up audits two years after the original audit work was completed. In March 2013 the office received the Knighton Gold Award for best audit in 2012 in the small shop category from the Association of Local Government Auditors for the audit on the Maintenance of Natural Areas.

Metro Ethics Line – The office administers a phone and on-line system that allows Metro employees and citizens to anonymously report concerns related to fraud, waste, abuse and ethical violations. The Auditor oversees investigations that are conducted in response to reports and can initiate an audit if needed.

Financial Statement Audit – The Auditor's Office secures formal bids from auditing firms interested in performing the annual audit of Metro's financial statements and manages the evaluation of the bids received. The Auditor appoints the external auditor and administers the contract.

BUDGET ENVIRONMENT

Metro performs a broad range of activities that can expose Metro resources to significant risk. Audits need to address risk within the organization in several ways so that resources are adequately protected, business processes are efficiently operating and programs are effectively meeting goals. The level of audit resources affects which areas are audited and when. The challenge is to target audits strategically so that they produce the most value.

SIGNIFICANT CHANGES FOR THE BUDGET

None.

PERFORMANCE MEASURES

Percent of recommendations implemented by five years after audit issued.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
79%	**93.2%**	75%	*75%*	*75%*	*75%*	*75%*

Average hours per audit completed.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
680	**801**	**1,535**	*1,200*	*1,200*	*1,200*	*1,200*

Reports issued per FTE.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
1.8	**1.5**	**1.3**	*1.5*	*1.5*	*1.5*	*1.5*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- The Auditor contracted with the Association of Local Government Auditors to conduct a peer review of the office to determine if auditors were following Government Auditor Standards. Peer reviewers were on-site December 3-7 and gave an opinion that the office's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with standards.

KEY OBJECTIVES FOR FY 2013-14

- Decrease the turnaround time from audit start to finish by focusing on smaller program areas.

Parks and Environmental Services

Parks and Environmental Services

FY 2012-13	FY 2013-14
97.15 FTE	107.05 FTE

Solid Waste Operations

- Solid Waste Disposal Services
- Hazardous Waste
- Landfill Stewardship
- Facilities and Asset Management

Parks and Visitor Services

- Parks Management
- Boat Ramp Operations
- Leases and Buildings
- MRC Property Services

Construction Project Management Office

- Glendoveer Golf Course
- Construction Management

Cemetery Program

- Sales and Service
- Cemetery Maintenance

Summary of Parks and Environmental Services

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$8,852,100	$9,343,270	$9,888,918	$9,888,363	$10,967,374	$10,967,374	$10,967,374	10.91%
Materials and Services	34,464,473	36,523,687	41,273,096	42,541,381	40,870,324	40,870,324	41,216,739	(3.11%)
Capital Outlay	1,065,514	2,364,408	8,257,435	8,277,435	6,326,554	6,326,554	6,621,510	(20.01%)
TOTAL	**$44,382,087**	**$48,231,365**	**$59,419,449**	**$60,707,179**	**$58,164,252**	**$58,164,252**	**$58,805,623**	**(3.13%)**
BUDGET BY FUND								
General Fund	$6,496,666	$6,620,261	$6,681,825	$7,965,869	$8,768,344	$8,768,344	$8,818,344	10.70%
General Asset Management Fund	1,212,845	1,171,378	3,010,579	3,030,579	2,407,688	2,407,688	2,518,644	(16.89%)
Parks and Natural Areas Local Optic	0	0	0	0	2,296,544	2,296,544	2,296,544	n/a
Smith & Bybee Lakes Fund	101,043	51,970	65,000	65,000	65,000	65,000	65,000	0.00%
Solid Waste Revenue Fund	36,571,533	40,387,756	49,662,045	49,645,731	44,626,676	44,626,676	45,107,091	(9.14%)
TOTAL	**$44,382,087**	**$48,231,365**	**$59,419,449**	**$60,707,179**	**$58,164,252**	**$58,164,252**	**$58,805,623**	**(3.13%)**
FULL-TIME EQUIVALENTS (FTE)	98.55	97.30	97.15	102.65	107.05	107.05	107.05	4.29%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								4.40

Parks and Environmental Services

Parks and Environmental Services contributes directly to the preservation of the region's livability and supports the goals and objectives developed by the Metro Council by providing for the safe, efficient and effective reuse, recycling and disposal of solid and household hazardous waste, and by providing places for the residents of the region to hike, fish, picnic, boat, golf, swim and play while engaging in their natural surroundings. Parks and Environmental Services is divided into four budgetary programs: Solid Waste Operations, Parks and Visitor Services, Construction Project Management Office and Cemetery program.

MAJOR PROGRAMS

Solid Waste Operations – The primary purpose of the Solid Waste Operations program is to provide comprehensive solid and hazardous waste reuse, recycling and disposal services to the public and commercial haulers. The Solid Waste Operations program includes three specific service areas:

> **Hazardous Waste Reduction –** Reduces the toxicity of the waste stream and the amount of hazardous materials that enters the environment through collection and environmentally-sound disposal of hazardous waste at its two sites and neighborhood roundups, and recycling of latex paint at the MetroPaint facility. Reuses and recycles materials, including latex paint under contract with PaintCare, to keep them from unnecessary disposal.
>
> **Disposal Services –** Provides comprehensive solid waste disposal services to commercial haulers and the public; includes Metro's two transfer stations.
>
> **Landfill Stewardship –** Provides effective stewardship of two of the region's inactive solid waste landfills. It ensures compliance with all federal, state and local regulations applicable to landfill closure operations and post-closure requirements. Limited quantities of landfill gas (methane) are recovered and sold to an end-user.

Cemetery Program – Metro owns, operates and maintains 14 historic cemeteries spread across 25 miles and totaling 66 acres. Sales of casket burial plots and related services provide the majority of revenue generated for the program. With only 22 years of casket plot inventories remaining and finite land to be developed, long term revenue options are necessary to ensure that funds are set aside for the perpetual care of the properties.

Parks and Visitor Services greets thousands of visitors each day in Metro's regional parks, golf course and marine facilities. The division maintains and operates (directly or through service contracts) Oxbow Regional Park, Blue Lake Regional Park, Glendoveer Golf Course, Howell Territorial Park, Chinook Landing Marine Park, M. James Gleason Boat Ramp, Sauvie Island Boat Ramp, Smith and Bybee Wetlands Nature Park, Mt. Talbert Nature Park, Cooper Mountain Nature Park, Mason Hill Park and Graham Oaks Nature Park. Property Management is responsible for the maintenance of nearly 40 residential homes on natural area properties and agricultural leases on Metro natural areas. Property Services maintains operations within the Metro Regional Center and Irving Street Parking Structure. Property Services includes three main services: building and security services, office services and fleet management

Construction Project Management Office consolidates multiple functions across Metro and is responsible for overseeing the newly developed Construction Project Management Manual. The Construction Project Management Office is responsible for overall construction project management and management of most capital projects for Metro and Metropolitan Exposition Recreation Commission (MERC) facilities.

BUDGET ENVIRONMENT

Solid waste system tonnage in the region plummeted as the recession gained momentum. It appears that the bottom has been reached, although tonnage remains relatively flat. By the end of FY 2012-13 a slight uptick is expected regionally, with slow but steady upward growth to follow. However, there is continuing erosion of tonnage going through the Metro transfer stations. Simultaneously the agency is developing policies that reduce waste. Most recently and significantly the diversion of organic food waste from the putrescible waste stream, such as the City of Portland's residential food waste program, have contributed to Metro's transfer stations increase in volume.

The Cemetery program completed the Cemetery Business and Operations Plan in September 2011. The plan shifted the focus of the program to records management, best management practices and investments in cremation offerings, to accelerate sales and contributions to the Cemetery Perpetual Care Fund.

Parks and Environmental Services continues to focus on major projects at two facilities: Oxbow Park and the Glendoveer Golf Course. During the past two winters Oxbow Park suffered significant erosion, and extensive short- and long-term work is needed to plan and implement continued safe public access to camping and other areas of the park. A State Parks and Recreation Department grant was awarded in 2013 that will help fund the construction of new campgrounds at Oxbow Park to replace those lost to erosion. At the Glendoveer Golf Course, a new operator began operations of the facility on January 1, 2013. Extensive work continues on maintenance of the facility in addition to ongoing capital improvements.

The Parks and Natural Areas Levy, passed by the voters in May 2013, will result in significant improvement to parks facilities in Metro's portfolio. The levy will fund increased staffing, additional maintenance of developed parks and a significant capital program that will add amenities and replace aging structures across all of Metro's parks.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
4.50	$78,250	Janitorial services for the Metro Regional Center will be provided by in-house staff rather than contractors.
	($3,380,000)	Reduction in contract services for solid waste transfer, transport and disposal services based on solid waste forecasts.
5.00	4,322,851	New staff and services to implement the Parks and Natural Areas Levy.
9.50	**$1,021,101**	**TOTAL**

PERFORMANCE MEASURES

Material recovery rate at Metro Central Transfer Station.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
32.7%	**34%**	34%	*34%*	*34%*	*34%*	*34%*

Material recovery rate at Metro South Transfer Station.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
17%	**17%**	17%	*17%*	*17%*	*18%*	*18%*

Revenues as a percentage of total expenses at MetroPaint.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
	100%	*100%*	*100%*	*100%*	*100%*	*100%*

Annual percentage increase in cemetery sales and service revenue.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
NEW	**10%**	5%	*5%*	*10%*	*10%*	*10%*

Revenues as a percentage of total direct expenses at Oxbow, Blue Lake and Marine Facilities.

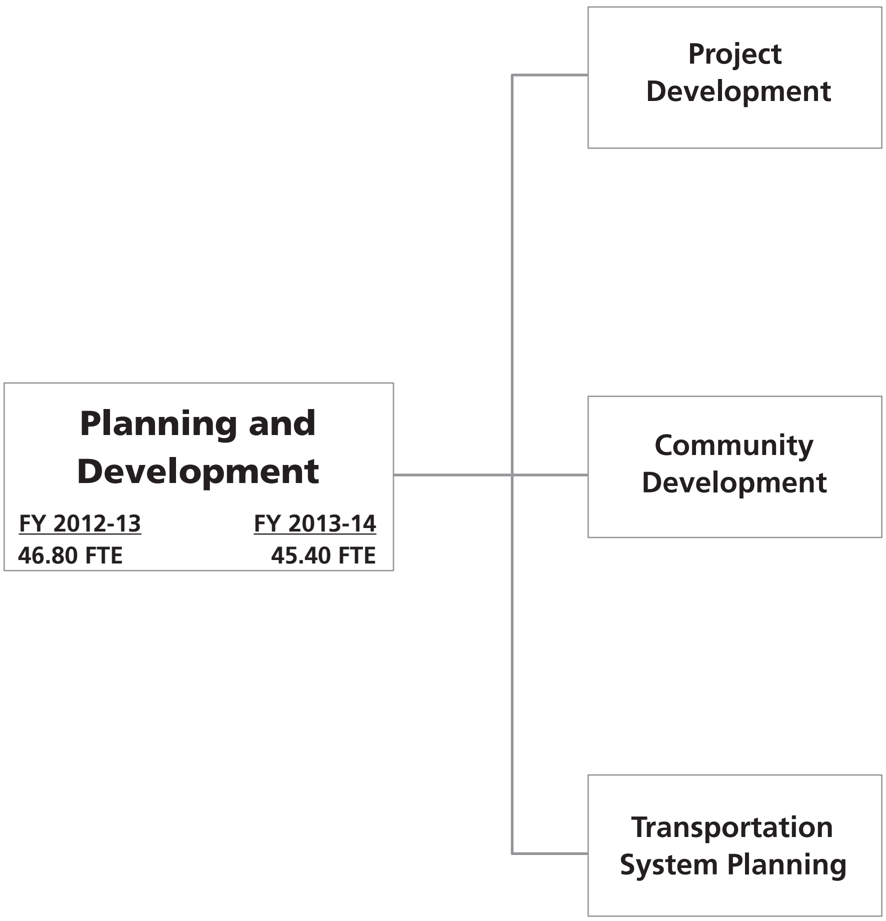
10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
67%	**66.5%**	66.5%	*65.5%*	*65%*	*64.5%*	*64%*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Made significant progress on Solid Waste Roadmap with several projects and initial public engagement efforts beginning.
- Metro Council formed the Cemetery Advisory Committee in August 2012.
- Completed multiple safety and visitor experience improvement projects to ensure that Oxbow Park was open for the 2012 camping season, resulting in increased attendance.
- Metro entered into a contract with a new operator at Glendoveer Golf Course on January 1, 2013, and entered into a new lease agreement with the Ringside Restaurant. Work continues on capital improvements and renovation and replacement projects at the golf course.

KEY OBJECTIVES FOR FY 2013-14

- Continue work on the Solid Waste Roadmap project.
- Obtain extension of the contract with PaintCare for recycling of latex paint.
- Implement the marketing plan to increase cemetery revenue and reopen sales at Lone Fir Cemetery through the new cremation garden.
- Successfully implement the new projects and programs funded by the Parks and Natural Areas Levy.


Planning and Development
FY 2012-13 46.80 FTE
FY 2013-14 45.40 FTE
Project Development
Community Development
Transportation System Planning

Summary of Planning and Development

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$5,851,442	$5,986,497	$5,611,037	$5,590,211	$5,324,852	$5,324,852	$5,750,677	2.87%
Materials and Services	4,506,361	3,253,896	8,866,159	8,866,159	8,455,171	8,455,171	8,465,346	(4.52%)
TOTAL	**$10,357,803**	**$9,240,393**	**$14,477,196**	**$14,456,370**	**$13,780,023**	**$13,780,023**	**$14,216,023**	**(1.66%)**
BUDGET BY FUND								
General Fund	$10,357,803	$9,240,393	$14,477,196	$14,456,370	$13,780,023	$13,780,023	$14,216,023	(1.66%)
TOTAL	**$10,357,803**	**$9,240,393**	**$14,477,196**	**$14,456,370**	**$13,780,023**	**$13,780,023**	**$14,216,023**	**(1.66%)**
FULL-TIME EQUIVALENTS (FTE)	57.20	55.96	46.80	46.80	41.90	41.90	45.40	(2.99%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(1.40)

Planning and Development

Planning and Development partners with public and private sector interests to build more sustainable, prosperous and equitable communities consistent with the Region 2040 Growth Concept and local goals. Our vision is for diverse citizens of the region to live in vibrant communities and enjoy transportation and housing choices, access to good jobs, clean air and water.

The department also performs all the federally mandated functions required of a Metropolitan Planning Organization (MPO) including staffing the Joint Policy Advisory Committee on Transportation and Transportation Policy Alternatives Committee, managing the Metropolitan Transportation Improvement Program (MTIP) process and developing and implementing the Regional Transportation Plan.

MAJOR PROGRAMS

Project Development – partnering with communities to identify and target the right combination of investments necessary to help them grow their downtowns, main streets and employment areas.

Community Development – implementing the Region 2040 Growth Concept through policy development, education and technical assistance, as well as monitoring local compliance.

Transportation System Planning – including all functions critical to Metro's role as the federally designated Metropolitan Planning Organization, such as gaining regional consensus on transportation funding priorities, developing and implementing the 20-year Regional Transportation Plan, Regional Travel Options, and leading the Transportation System Management and Operations program to optimize use of our existing infrastructure and increase transportation choices.

BUDGET ENVIRONMENT

The department has a healthier financial outlook for FY 2013-14 than in FY 2012-13. However, resource shortfalls in the General Fund and in discretionary federal grant funds continue to require department cutbacks on program services through staffing reductions. The availability of project specific grants has helped lessen the impact of fewer resources in Project Development and Transportation System Planning but project funding in future years looks limited. Resource considerations as we go forward include:

- Federal transportation dollars for planning, development and construction have generally declined across the nation over the past several years. MAP-21, the new federal transportation legislation, was adopted last summer. While it contained some significant changes and new requirements, little additional funds were made available to meet them. Metro was able to secure some additional Public Lands/Surface Transportation Program/section 5303 program funding through Oregon Department of Transportation's MPO allocation process which helped ease the loss.
- MTIP funded programs such as Transit Oriented Development (TOD) and Regional Travel Options (RTO) have relatively stable funding for the next several years.
- Staff is working with local and regional partners to secure additional funds to fully complete the next phase of the SW Corridor Project and to initiate the Powell/Division Corridor Plan.
- Corridor Planning staff were awarded a Transportation Research Board grant ($275,000) to do project development on NE 238th Avenue, a high priority of the East Metro Connections Plan completed last summer.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
Community Development		
(1.00)	($143,000)	Eliminate vacant Manager position.
Project Development		
(1.00)	($129,400)	Eliminate Senior Planner position from Corridor Planning.
Transportation System Planning		
(0.40)	($45,500)	Reduce Sr. Management Analyst position from 1.00 to 0.60 FTE.
(2.4)	**($317,900)**	**TOTAL**

PERFORMANCE MEASURES

Project Development:

Southwest Corridor Refinement Plan – Percentage Completion.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
25%	**50%**	**75%**	*100%*			

Number of TOD projects completed each year in each center, corridor or station area.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
2	**4**	**1**	*3*	*3*	*3*	*3*

Community Development:

Number of jurisdictions in compliance with Title 13 Nature in Neighborhoods.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
23	**24**	**26**	*28*	*28*	*28*	*28*

Number of 2040 centers that meet the requirement in Title 6 to be eligible for regional investments.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
NA	**2**	**2**	*4*	*4*	*6*	*6*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

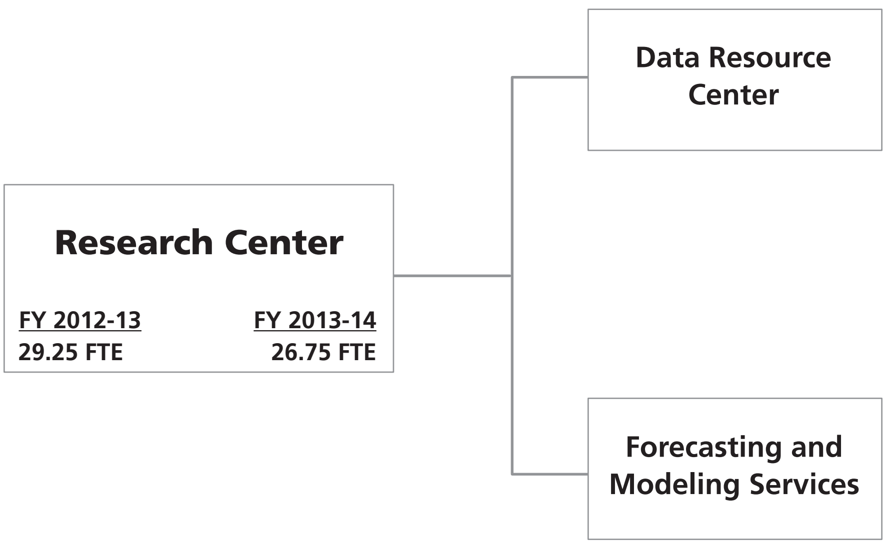
At Metro Council's direction, staff spent the past three years establishing an outcomes-based planning and policy framework to implement the Region 2040 Growth Concept. We are now focusing on specific implementation efforts consistent with Council direction to become more focused on community development needs. Progress on objectives for FY 2012-13 include:

- Worked with partners to target public and private resources to create development ready industrial sites, facilitate brownfield clean-up and promote sustainable design and construction practices.
- Established ongoing resources to engage property owners, businesses and local partners in focused efforts to catalyze and sustain downtown redevelopment (e.g. Michelle Reeves Downtown Revitalization Curriculum, storefront improvements, walkability audits).
- Worked with the Environmental Justice Work Group on MTIP process, continued work with Multnomah County's Health and Equity grant, engaged underserved populations in corridor planning work, and partnered with the Coalition for Livable Future, Portland State University and others on opportunity maps to be utilized in our projects and the region's next Equity Atlas.
- Continued to stimulate development, create jobs and improve quality of life in the region via direct investments such as TOD construction projects, RTO grants, Community Development and Planning grants.

- The Climate Smart Communities Scenarios Project made significant progress in 2012 and early 2013. Working together with cities, counties, state, businesses and community leaders, Metro continued to research how land use and transportation policies and investments can be leveraged to help create great communities, support the region's economy and meet goals for reducing greenhouse gas emissions.
- Substantially completed Phase 1 of the SW Corridor Plan; integrated local land use and community development plans with a transportation alternatives analysis to develop an implementation strategy for the Southwest Corridor.
- Consistent with the High Capacity Transit Plan, worked with TriMet and other regional partners to develop scope, schedule and budget for the Powell-Division project with a focus on Bus Rapid Transit (BRT).
- Continued to provide leadership to develop a regional transportation finance strategy to include state, federal and regional funding to address significant gaps in the region's infrastructure.
- Continued to assist the Federal Transit Administration (FTA) in the development of guidance for travel demand forecasting, economic development and station access methodologies for the Small Starts funding program. Launched Streetcar Methods Analysis project with TriMet, Portland Streetcar Inc., FTA, the City of Portland and the City of Hillsboro to analyze economic development potential of streetcars through case studies in two to three areas around the region and develop methodology that can be replicated nationally.

KEY OBJECTIVES FOR FY 2013-14

- Work with partners to target public and private resources to create development ready industrial sites, facilitate freight movement and workforce access to jobs, support brownfield clean-up and promote sustainable design and construction practices. Support the Metropolitan Export Initiative with staff expertise and technical assistance.
- Support Metro's growth management responsibility to accommodate the region's 20-year population and employment growth.
- Continue efforts to move forward with transit investments in the southwest corridor, with a focus on refinement of high capacity transit design that will identify key issues prior to formal commencement of the environmental impact process in 2014. Advance other implementation elements including Development Strategy and Transportation Plan early opportunities.
- Formally commence transportation and high capacity transit planning in partnership with the City of Portland, the City of Gresham, Multnomah County, TriMet and ODOT. Build public private partnerships to enhance project efforts.
- Complete FTA Analysis project and use findings to determine opportunities for further public-private partnerships to advance streetcar corridors and development readiness in targeted areas.
- Revise and formalize pilot programs focused on engaging property owners, businesses and local partners in focused efforts to catalyze and sustain downtown redevelopment (e.g. Michelle Reeves Downtown Revitalization Curriculum, storefront improvements, walkability audits).
- Update and implement performance-based Regional Transportation Plan, the region's blueprint for a multi-modal transportation system.
- Work with local communities to refine and implement investments that create more walkable communities, grow the regional economy and expand transportation options as the region addresses climate change.


Research Center
FY 2012-13 FY 2013-14
29.25 FTE 26.75 FTE
Data Resource Center
Forecasting and Modeling Services

Summary of the Research Center

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$3,330,617	$3,296,539	$3,263,156	$3,327,876	$3,098,699	$3,098,699	$3,121,499	(6.20%)
Materials and Services	866,182	892,602	617,779	617,779	522,875	522,875	522,875	(15.36%)
TOTAL	**$4,196,799**	**$4,189,141**	**$3,880,935**	**$3,945,655**	**$3,621,574**	**$3,621,574**	**$3,644,374**	**(7.64%)**
BUDGET BY FUND								
General Fund	$4,196,799	$4,189,141	$3,880,935	$3,945,655	$3,621,574	$3,621,574	$3,644,374	(7.64%)
TOTAL	**$4,196,799**	**$4,189,141**	**$3,880,935**	**$3,945,655**	**$3,621,574**	**$3,621,574**	**$3,644,374**	**(7.64%)**
FULL-TIME EQUIVALENTS (FTE)	32.67	31.47	28.50	29.25	26.75	26.75	26.75	(8.55%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(2.50)

Research Center

The Research Center supports the Metro Council, Metro staff, external clients and the public by providing accurate and reliable data, information, mapping, forecasting and technical services to support public policy analysis and regulatory compliance. The center coordinates data and research activities with local government partners, academic institutions and the private sector. In addition the regional economic and travel forecasts provided by the Research Center meet federal and state requirements as consistent, accurate and reliable data and forecasting tools.

MAJOR PROGRAMS

Data Resource Center – The Data Resource Center (DRC) is the region's steward of Geographic Information System (GIS) data as housed in the Regional Land Information System (RLIS). Data Resource Center staff employs this information to provide spatial analysis and mapping products for internal and external clients.

Forecasting and Modeling Services – The Transportation Research and Modeling Services and the Economic and Land Use Forecasting sections comprise the Forecasting and Modeling Services component of the Research Center. This program provides support to Metro's operating units and regional partners by providing economic analysis, land use allocation and travel demand forecasts to policy officials to assist in regional decision-making. The program also serves a number of external public and private sector clients with forecasting information and technical oversight.

BUDGET ENVIRONMENT

Management and Coordination – Research Center has two major challenges for FY 2013-14:

1. Financial stabilization: continued reductions in general and grant funds available for both core and client services have reduced capacity in both areas and result in less flexibility to bring on new clients throughout the year. This was the primary area that influenced development of the budget for FY 2013-14. The department will be evaluating options and developing a strategy to address this issue through fall 2013.
2. Data to Decisions: a major challenge for department management is ongoing outreach to customers and clients on new or revamped services, information and analytical tools available for their use, and ensuring that data and information is useful and well understood by staff, stakeholders, and the Council. Enhancing understanding of Research Center products will be a major management initiative for FY 2013-14 and will range from training to projects.

Data Resource Center – In FY 2013-14 the DRC will continue to focus on increasing the efficiency of our data collection, maintenance and distribution process. This will be accomplished through an ongoing effort to streamline the maintenance processes and cultivate relationships with data providers and other partners at the state and local level.

The DRC will also be looking to expand partnerships and collaboration on projects requiring spatial data, mapping and GIS services consistent with its mission. This will address the ongoing economic challenge of being requested to provide less work for some clients while better being able to meet the needs of others.

The DRC will also focus on reducing barriers to accessing information by developing creative approaches to illustrating information at both the regional and local scale.

Forecasting and Modeling Services – The revenue stream from state, local and federal funds continues to be constrained. As a consequence the forecasted level of project planning in FY 2013-14 will lessen. The Transportation Research and Modeling Services and Economic and Land Use Forecasting sections have again identified external partnerships and funding commitments to, in part, offset the loss of project revenue and allow for the retention of key staff.

SIGNIFICANT CHANGES IN THE BUDGET

None.

PERFORMANCE MEASURES

Percentage of clients who rate the quality of DRC products and services as excellent.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
77%	**73%**	**67%**	*67%*	*67%*	*67%*	*67%*

Percentage of clients who rate the relevance of RLIS data to their needs as excellent.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
61%*	**67%**	**70%**	*72%*	*72%*	*72%*	*72%*

* Survey instrument was developed and implemented as part of the Research Center strategic planning process in FY 2009-10.

Travel Demand Model capability, as measured by annual survey of clients. Continuous scale – 1.0 is poor, 5.0 is excellent.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
3.5*	**4.1**	**4.1**	*4.3*	*4.3*	*4.4*	*4.4*

Quality of the data produced by the model, as measured by annual survey of clients. Continuous scale – 1.0 is poor, 5.0 is excellent.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
4.8	**4.0***	**4.3**	*4.6*			

Customer service, as measured by annual customer survey. Continuous scale – 1.0 is poor, 5.0 is excellent.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
4.5*	**5.0**	**5.0**	*5.0*	*5.0*	*5.0*	*5.0*

*The methodology behind the survey instrument was refined as part of the Research Center strategic planning process. These changes will allow for year-to-year trend analysis beginning in FY 2010-11.

Regional macroeconomic model and MetroScope capabilities, as measured by annual survey of clients. Continuous scale – 1.0 is poor, 5.0 is excellent.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
4.5	**5.0**	**4.95**	*4.7*	*4.7*	*4.7*	*4.7*

Quality of the data produced by the models, as measured by annual survey of clients. Continuous scale – 1.0 is poor, 5.0 is excellent.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
4.7	**5.0**	**4.95**	*5.0*	*5.0*	*5.0*	*5.0*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

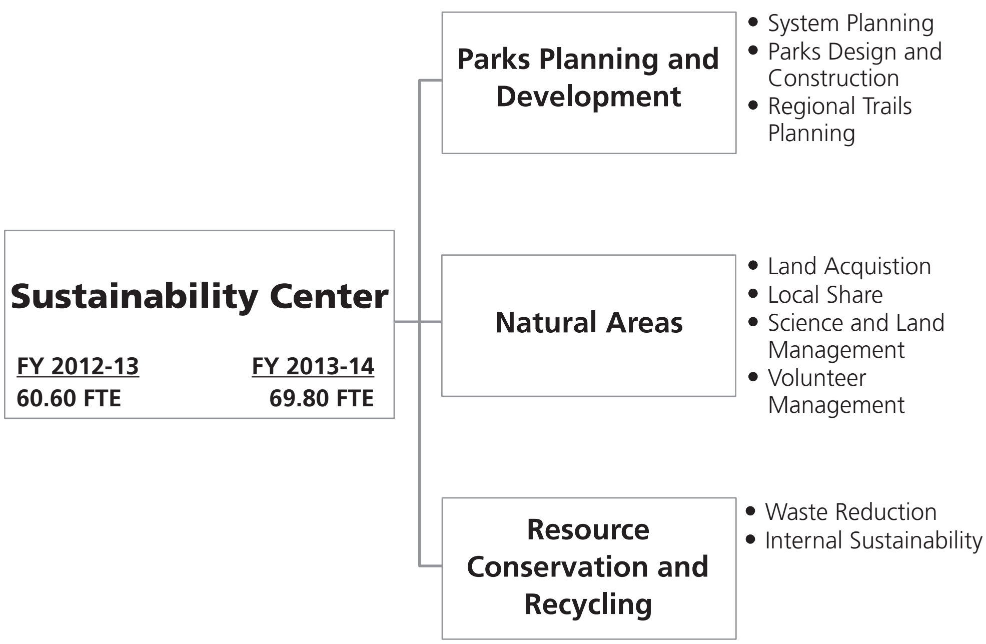
- Initiated Research Center Financial Stabilization Plan project to better manage department resources with client demand for services while maintaining core program of data and tools.
- Continued Greater Portland Pulse efforts for outreach, fundraising, data collection, maintenance, training and reporting; utilized GPP data, indicators and approach in coordination efforts with Climate Smart Communities, CLF Equity Atlas, Metro Equity project, and Metro's Six Regional Outcomes.

- Provided periodic updates to the Regional Land Information System for partners and subscribers.
- Made historical aerial photos available via web service.
- Completed the regional bicycle network data refinement project.
- Completed the regional sidewalk data refinement project.
- Completed the 2011 Travel Behavior Survey. The data was used to update and validate the current trip-based travel demand model.
- Continued the development of the new tour based travel demand model.
- Introduced advanced traffic modeling techniques into the region through the use of Dynamic Traffic Assignment methods in project analysis (SW Corridor Study, Clackamas County TSP).
- Continued to develop an advanced method for pedestrian modeling for the region in conjunction with Portland State University.
- Developed and deployed sketch land use tools and modifications to decision-models to enhance Metro decision-making around the Six Regional Outcomes.
- Completed the 2010-40 Regional Growth Distribution Forecast via Metro Council action (ordinance 12-1292A) and submittal to Department of Land Conservation and Development. The growth distribution satisfies state-mandated population coordination requirements for ORS 195.036.

KEY OBJECTIVES FOR FY 2013-14

- Complete and implement key components of Research Center Financial Stabilization Plan in time for FY 2014-15 budget development, in particular to maintain and enhance resources to ensure efficient core Research Center functions.
- Continue Greater Portland Pulse implementation, outreach and utilization, and coordination with similar evaluation and indicator activities.
- Complete the regional demographic data maintenance plan.
- Complete the sensitivity testing for the Dynamic tour based travel demand model. Commence the application of the tool in project work.
- Integrate the pedestrian analysis research conducted by Portland State University into the full travel modeling system.
- Conduct research into the two topics identified in ordinance 12-1292A. The ordinance directs Metro: 1) to investigate factors that influence the supply of residential and non-residential redevelopment; and 2) to analyze the innate residential demand preferences in the region.
- Prepare a buildable land inventory (residential and employment) in time for the state mandated 2014 Urban Growth Report (UGR) decisions. Include in this inventory the findings from the first research topic.
- Complete UGR analysis; produce an update to the state mandated UGR in 2014 that incorporates methodological changes in the buildable land inventory, add to the BLI elements of residential and employment redevelopment / infill, update Housing Needs Analysis and potential MetroScope analysis.
- Produce a range forecast for housing and employment via Metro Council actions, which are also acknowledged by LCDC.
- Proceed with research and development for a MetroScope update in order to provide better analysis of policy assumptions and the potential socio-economic impact to Metro's Six Regional Outcomes.

Sustainability Center



	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$6,980,100	$7,301,979	$6,669,780	$6,629,617	$7,715,922	$7,715,922	$7,741,537	16.77%
Materials and Services	13,877,722	15,348,859	17,894,237	18,128,137	20,295,715	20,295,715	20,610,223	13.69%
Capital Outlay	9,999,955	16,304,358	32,202,194	32,202,194	22,830,824	22,830,824	22,856,324	(29.02%)
TOTAL	**$30,857,777**	**$38,955,196**	**$56,766,211**	**$56,959,948**	**$50,842,461**	**$50,842,461**	**$51,208,084**	**(10.10%)**
BUDGET BY FUND								
General Fund	$4,578,230	$4,695,872	$4,086,762	$4,332,136	$3,800,631	$3,800,631	$3,916,131	(9.60%)
Natural Areas Fund	19,604,953	27,288,427	45,179,080	45,177,698	35,247,915	35,247,915	35,247,915	(21.98%)
Parks and Natural Areas Local Option	0	0	0	0	5,227,100	5,227,100	5,227,100	n/a
Open Spaces Fund	78,819	21,347	738,934	738,934	643,064	643,064	643,064	(12.97%)
Rehabilitation & Enhancement Fund	296,637	250,770	358,641	358,641	327,996	327,996	330,990	(7.71%)
Solid Waste Revenue Fund	6,299,138	6,698,780	6,402,794	6,352,539	5,595,755	5,595,755	5,842,884	(8.02%)
TOTAL	**$30,857,777**	**$38,955,196**	**$56,766,211**	**$56,959,948**	**$50,842,461**	**$50,842,461**	**$51,208,084**	**(10.10%)**
FULL-TIME EQUIVALENTS (FTE)	69.75	69.40	60.60	60.60	69.60	69.60	69.80	15.18%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								9.20

Sustainability Center

The Sustainability Center contributes directly to the preservation of the region's livability and supports the goals and objectives developed by the Metro Council, including the Making a Great Place initative. The Sustainability Center focuses on providing accessible regional natural areas, parks and trails, and maintaining and enhancing environmental quality. It also promotes sustainable resource management through waste reduction initiatives, hands-on interpretive programs, youth and adult education, grants, demonstration projects and volunteer opportunities.

MAJOR PROGRAMS

Parks Planning and Development – Provide long-range and site-specific plans and designs for ensuring regional access to nature. Specific efforts include The Intertwine: working with the non-profit Intertwine Alliance, park providers, business leaders and non-governmental organizations to broaden the range of support for parks, trails and natural areas to build collaborative regional strategies. Other efforts include collaborating with local park providers and citizens to plan alignments for regional trails, strategize funding and implementation options and securing grants to build out the system. Provide design and construction oversight expertise to build or modify developed park and trail facilities or sites.

Natural Areas – Protects, restores and manages natural areas throughout the region. To this end, staff implements and administers the $227.4 million Natural Areas bond measure passed by voters in November 2006 and portions of the Parks and Natural Areas Local Option Levy. This includes the acquisition of regionally significant natural areas in identified target areas to protect lands around local rivers and streams, preserve significant fish and wildlife habitat, enhance trails and wildlife corridors and connect urban areas with nature. This program also includes a local share component, where cities, counties and park districts within Metro's jurisdiction will complete more than 150 locally significant projects, and a capital grants component that will fund neighborhood projects that enhance natural features and their ecological functions on public lands. Science and land management activities within this program focus on the preservation, restoration and enhancement of natural area habitats for fish and wildlife, including the use of volunteers who assist with stewardship of natural areas. Some Nature in Neighborhoods initiatives and grant programs such as the community enhancement grants are also included in this program.

Resource Conservation and Recycling (RCR) – RCR includes two sub-programs: regional Waste Reduction and Metro's Internal Sustainability efforts. Waste Reduction advances the region's efforts to reduce the environmental and human health impacts associated with the production, consumption and end-of-life management of goods used by residents and businesses. Internal Sustainability focuses on implementing sustainable practices into Metro's own operations.

BUDGET ENVIRONMENT

Natural areas acquisition is supported entirely by voter-approved general obligation bonds, which are restricted to capital expenditures as described in the authorizing resolution. Long-term stewardship of lands acquired under the bond program must be financed from other, non-bond sources. Efforts are underway to identify opportunities for stable, long-term funding. In the near term, the voter-passed Parks and Natural Areas Local Option Levy will fund these activities. In the Parks Planning and Development program, four planning studies and two construction efforts are funded by the federal government but all were completed (or nearly completed) by June 30, 2013, and there are no more federally funded projects in the pipeline.

RCR is being driven by Regional Solid Waste Management Plan responsibilities and a materials management framework that aims to reduce lifecycle environmental impacts. The program will continue its emphasis on effective program delivery, including the use of strategic partnerships, utilization of policy strategies such as product stewardships, and research to support effective program design and measurement. A key element of the partnership approach is the service delivery cost-sharing model with local government partners that strongly contributes to the region's ability to implement effective on-the-ground waste reduction programs. The program budget reflects reductions in a number of project areas, including closing out the Clean Fleet Diesel Retrofit.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
	($313,850)	Reduction in materials and services due to end of diesel retrofit project and other DEQ activities.
9.0	$5,582,944	New projects and programs funded by the Parks and Natural Areas Levy.
9.0	**$5,269,094**	**TOTAL**

PERFORMANCE MEASURES

Complete feasibility and/or master plan studies for segments of the Regional Trail System.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
2	**2**	2	*3*	*2*	*2*	*2*

Complete plans or projects that will increase access to nature.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
1	**1**	1	*3*	*3*	*3*	*3*

Acres of land acquired for protection each year.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
417	**1,249**	525	*425*	*425*	*300*	*250*

Number of hours volunteered at Metro natural areas.

10/11	**11/12**	*12/13*	13/14	*14/15*	*15/16*	*16/17*
	14,557	15,000	*15,500*	*16,000*	*16,500*	*17,000*

No annual increase in regional per capita solid waste generation (in pounds).

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
2,690	**2,605**	2,530	*2,530*	*2,530*	*2,530*	*2,530*

Regional recovery rate.

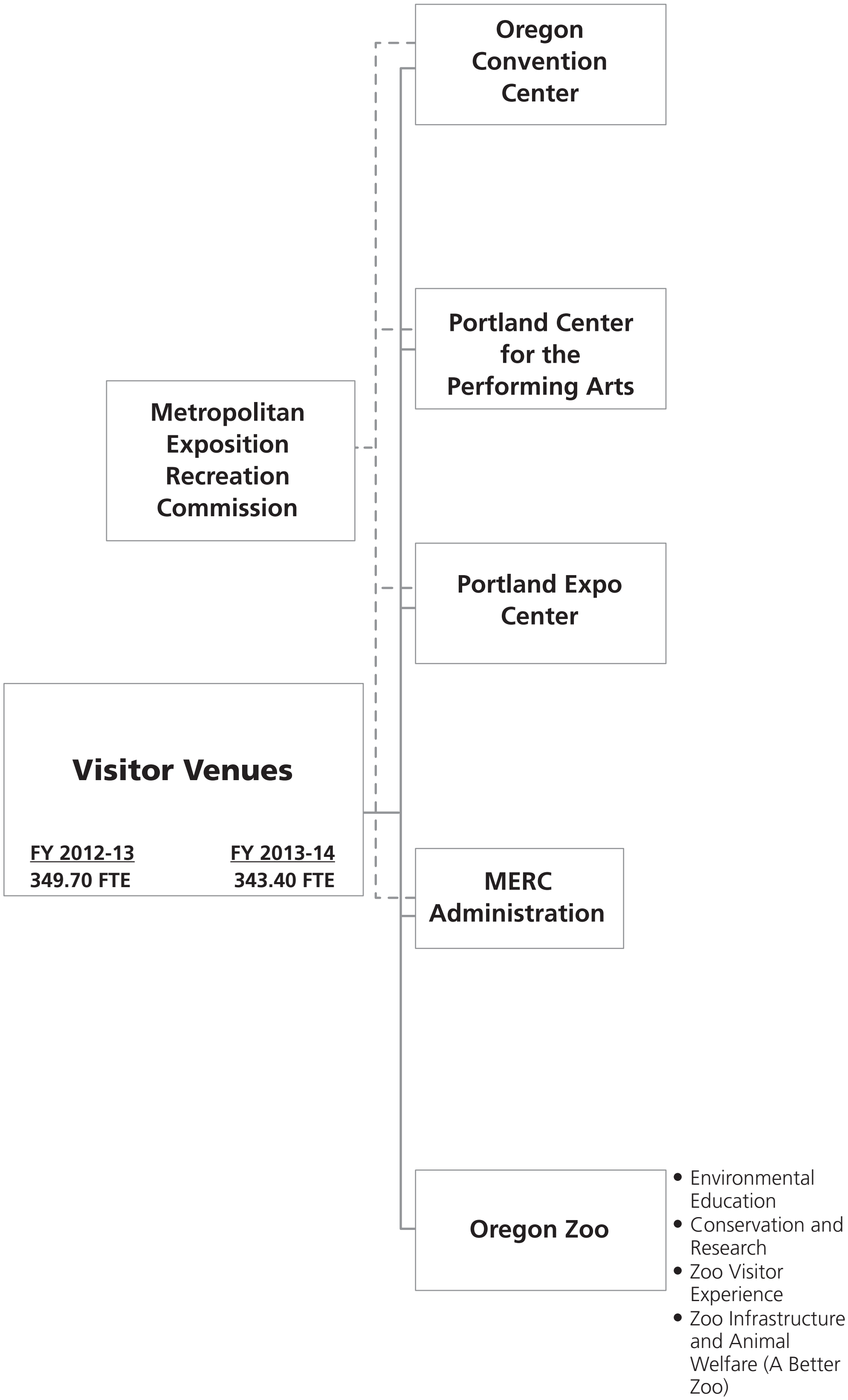
10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
58%	**64%**	64%	*64%*	*64%*	*64%*	*64%*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Worked with the Metro Council on the referral of a five-year local option levy to support restoration and maintenance of natural areas and parks, community involvement in nature and an expanded Nature in Neighborhoods grant program.
- Continued natural area acquisitions, local share projects and Nature in Neighborhoods Capital Grants.
- Worked closely with Parks and Environmental Services and Finance and Regulatory Services, local government, state and private sector partners to plan for and respond to significant changes in the food waste system.

KEY OBJECTIVES FOR FY 2013-14

- Begin implementation of the Parks and Natural Areas Local Option Levy, including increased maintenance, new restoration projects and scoping and planning of initial site access projects.
- Work with Council and affected stakeholders to identify and implement ongoing funding for system restoration and park development purposes, expected to be a multi-year complex engagement.
- Continue natural area acquisitions, local share projects and Nature in Neighborhoods Capital Grants as promised by the 2006 Natural Areas bond measure.
- Work with local government, state and private sector partners to stabilize and then expand food waste initiatives, which are priority elements of the Regional Solid Waste Management Plan adopted by the Metro Council in 2008.


Oregon Convention Center
Portland Center for the Performing Arts
Metropolitan Exposition Recreation Commission
Portland Expo Center
Visitor Venues
FY 2012-13
349.70 FTE
FY 2013-14
343.40 FTE
MERC Administration
Oregon Zoo
• Environmental Education
• Conservation and Research
• Zoo Visitor Experience
• Zoo Infrastructure and Animal Welfare (A Better Zoo)

Summary of Visitor Venues

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$33,317,210	$34,230,394	$36,789,774	$36,577,567	$37,462,997	$37,462,997	$37,462,997	2.42%
Materials and Services	31,009,081	33,348,545	36,591,738	39,285,961	35,689,526	35,689,526	38,581,788	(1.79%)
Capital Outlay	12,772,316	9,309,199	24,196,922	26,174,851	35,729,293	35,729,293	36,351,153	38.88%
Debt Service	1,593,801	1,593,039	1,590,452	1,590,452	1,573,881	1,573,881	1,573,881	(1.04%)
TOTAL	**$78,692,408**	**$78,481,177**	**$99,168,886**	**$103,628,831**	**$110,455,697**	**$110,455,697**	**$113,969,819**	**9.98%**
BUDGET BY FUND								
General Fund	$25,125,391	$27,167,818	$30,862,025	$31,227,511	$31,465,451	$31,465,451	$31,585,451	1.15%
General Asset Management Fund	840,091	1,518,823	1,937,754	3,810,683	6,467,084	6,467,084	6,833,939	79.34%
General Revenue Bond Fund	1,593,801	1,593,039	1,590,452	1,590,452	1,573,881	1,573,881	1,573,881	(1.04%)
MERC Fund	42,414,375	41,511,688	45,252,653	47,488,420	44,886,700	44,886,700	47,913,967	0.90%
Parks and Natural Areas Local Option Levy Fund	0	0	0	0	297,413	297,413	297,413	n/a
Oregon Zoo Infrastructure & Animal Welfare Fund	8,718,750	6,689,809	19,526,002	19,511,765	25,765,168	25,765,168	25,765,168	32.05%
TOTAL	**$78,692,408**	**$78,481,177**	**$99,168,886**	**$103,628,831**	**$110,455,697**	**$110,455,697**	**$113,969,819**	**9.98%**
FULL-TIME EQUIVALENTS (FTE)	345.98	345.16	349.45	349.70	343.15	343.15	343.40	(1.80%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(6.30)

Summary of MERC Administration

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$1,866,526	$1,405,853	$1,155,255	$1,147,691	$703,412	$703,412	$703,412	(38.71%)
Materials and Services	288,563	248,974	559,309	559,309	392,881	392,881	442,881	(20.82%)
Capital Outlay	0	0	47,000	47,000	92,800	92,800	92,800	97.45%
TOTAL	**$2,155,089**	**$1,654,827**	**$1,761,564**	**$1,754,000**	**$1,189,093**	**$1,189,093**	**$1,239,093**	**(29.36%)**
BUDGET BY FUND								
MERC Fund	$2,155,089	$1,654,827	$1,761,564	$1,754,000	$1,189,093	$1,189,093	$1,239,093	(29.36%)
TOTAL	**$2,155,089**	**$1,654,827**	**$1,761,564**	**$1,754,000**	**$1,189,093**	**$1,189,093**	**$1,239,093**	**(29.36%)**
FULL-TIME EQUIVALENTS (FTE)	20.00	14.85	11.50	11.50	5.50	5.50	5.50	(52.17%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(6.00)

Visitor Venues

Metro's Visitor Venues include the Oregon Convention Center (OCC), Portland Center for the Performing Arts (PCPA), Portland Expo Center (Expo) and the Oregon Zoo. Formed in July 2010 to enhance collaboration on operational issues, the team actively works toward a common mission of maintaining world-class gathering and entertainment spaces for residents and visitors and creating significant economic impact throughout the region.

Through its Metropolitan Exposition Recreation Commission (MERC), Metro benefits from business and community leaders whose expertise and guidance set the strategic business direction for three of the venues: OCC, PCPA and Expo. Commission members are nominated by Clackamas, Multnomah and Washington counties and the City of Portland and appointed by the Metro Council to serve four-year terms.

The Oregon Zoo also benefits from a key public/private partnership through the Oregon Zoo Foundation (OZF), composed of business and community leaders. The OZF's mission is to foster community pride and involvement in the Oregon Zoo and to secure financial support for the zoo's conservation, education and animal welfare programs.

MAJOR PROGRAMS

Conventions, Trade and Consumer Shows – OCC and Expo are among the West Coast's largest convention and exhibition spaces, attracting a million visitors each year combined to a wide variety of international, national and regional events that foster business development and support the region's economy.

Performing Arts, Arts and Culture – PCPA is a collection of performance spaces serving the city's major resident companies, commercial promoters, local nonprofit arts groups and a national Broadway show touring series. A central component to Portland's thriving Cultural District, PCPA hosts more than 800,000 visitors who attend events and performances each year and contribute to the cultural vibrancy of the region.

Zoo Conservation Education – The Oregon Zoo's conservation program focuses on identification and implementation of *in situ* and *ex situ* wildlife conservation through direct fieldwork, research, improved animal husbandry techniques and captive propagation. Educational programs offer learning opportunities to people of all ages and cultures, both on-campus and off.

Zoo Visitor Experience – Visitor experiences at the Oregon Zoo represent a guest's primary activities during their visit to the zoo campus. Supporting the zoo's mission statement, the zoo provides guests a variety of opportunities for observation, discovery, and engagement with animals in a naturalistic environment. It serves 1.6 million visitors each year.

Zoo Infrastructure and Animal Welfare Bond Program – The Oregon Zoo's bond program, A Better Zoo, implements the capital planning and construction activities funded through approval of the 2008 general obligation bond.

BUDGET ENVIRONMENT

The recession's long-term effects continue to pose challenges to the visitor venues as a corporate nonprofit and general public customers maintain caution in their spending levels implemented in recent years. Signs of growth are emerging, evidenced by increasing attendance and size of events overall. The venues reduced spending, captured new markets and diversified events, all of which have contributed to strong net revenues despite the downturn. A direct result of the 2008 recession, the number of national conventions booked at the OCC is lower than average. Expo is taking an aggressive approach to generating new streams of revenue through a staff reorganization and increased marketing. PCPA is benefitting from a new, more lucrative ticketing contract and a strong 10-week run of Broadway in FY 2012-13. The Oregon Zoo is focusing on the guest experience during FY 2013-14 to mitigate the impacts created by campus-wide bond funded construction. Areas include access to animal viewing, such as elephants, concert lawn events and activities, catering functions and train operations.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
	$667,097 *	OCC's budget includes the allocation of positions to best serve the current business needs within the operations department and the addition of a sales position contingent on approval of a convention center hotel. $615,000 in capital projects are funded from the MERC Pooled TLT Capital reserve account.
	202,549 *	PCPA eliminates three full time operations positions and increases one new position to supervise maintenance and engineering services. Operating revenues and expenditures reflect an increase based on the required accounting for the PCPA ticketing system contract. The previous agreement recognized net revenue compared to the new agreement which requires PCPA record gross revenue and associated costs of the ticket agency fee and credit card expense.
	211,137 *	Expo's budget includes an interim solution for administrative staffing by eliminating the executive assistant position and providing support services with two part time positions. Material and services include the new storm water fee and $40,000 for unanticipated emergency maintenance projects. $165,000 in capital projects are funded from the MERC Pooled TLT Capital reserve account.
	328,917 *	The Oregon Zoo eliminates 1.80 FTE and recognizes revenue adjustments related to higher concert sales; admission fee increase effective February 2013; OZF simplifying membership rate structure; elimination of parking fee revenue as City of Portland assumes operation of the parking lot; and other adjustments related to construction.
MERC Administration Only		
(6.0)	($537,201)	The MERC/Metro Business Practices Study outcomes continue into the new fiscal year with six administrative positions, formerly 100% MERC dedicated, transitioning into central service positions allowing a net cost savings to the Venues budget of $159,704. • 4.0 FTE accounting positions. • 2.0 FTE information services positions.
	($166,428)	Materials and services are 29 percent less than prior year due to savings generated from the closing of the MERC Administration office located at the Oregon Convention Center; and costs associated with employees transitioning to Central Services; and on-going Information Services requirements.
(6.0)	**($703,629)**	**Total**

*Significant budget changes for the four venues appear in the following sections.

PERFORMANCE MEASURES

Estimated economic impact in metropolitan region (millions).

	10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
OCC	**$449.6**	**$515.0**	$475.0	*$450.0*	*$475.0*	*$525.0*	
OR Zoo	**$72.0**	**$75.0**	$79.0	*$83.0*	*$87.0*	*$91.0*	
PCPA	**$60.0**	**$65.0**	$60.0	*$62.0*	*$64.0*	*$65.0*	
Expo	**$34.1**	**$33.5**	$34.2	*$35.2*	*$36.6*	*$38.4*	

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Emphasize training and business process improvement, especially for users of EBMS.

  Training is ongoing for all MERC venues who continue to work to bring all staff to a baseline competency in the system.

- Complete First Opportunity Target Area (FOTA) assessment and present policy recommendations to Council and Commission.

  This project has not progressed as anticipated. Staff is working now with the diversity program manager and MWESB program coordinator to bring recommended improvements for this MERC policy before the Commission for consideration by the middle of FY 2013-14.

- Conduct needs/strengths assessment of venue communications, marketing, web/social media and public relations functions; implement visitor venue marketing and communications plan; identify functional teams and prepare recommendations for FY 2012-13 resource reallocation.

  All four venues are coordinating their communication and public relations functions through Stephanie Soden in the venues office. We continue to work to create a coordinated model in an effort to maximize resources and create efficiencies for all of the venues.

- Develop strategic business plan in coordination with MERC Commission.

  All four venues completed the first version of a five-year mission critical plan documenting mission, vision, values, goals and objectives. The zoo is continuing on with a larger effort to create a multiple year strategic and business plan while the MERC venues are refining their mission critical plans each year to assist in budget planning.

- Examine the financial operating model for Expo and OCC with an eye to the long-term financial sustainability of the current business models (with or without a convention center hotel).

  This project began with the development of the five-year mission critical planning process. Next steps will involve more specific project scoping and assignment of a project manager to drive the project. This step is pending resource allocation.

- Integrate a long-term solution to the budget gap created by the reduction in transient lodging taxes received by PCPA.

  This project began with the development of the five-year mission critical planning process. Next steps will involve more specific project scoping and assignment of a project manager to drive the project. This step is pending resource allocation.

- Complete the design of the elephant and condor exhibits, as well as site infrastructure funded by the Oregon Zoo Infrastructure and Animal Welfare Bond.

  Site infrastructure design is complete and work has begun. Elephant habitat design transitioned from design to construction in summer 2013, and the new condor habitat is planned to open in fall 2013.

- Combine the education staff from the Sustainability Center with the zoo education staff to expand their regional collaboration and the ability to develop their community service/outreach and youth programming.

  Completed and progress well under way to expand outreach and collaboration regionally.

- Develop, train and support staff at Expo with a renewed focus on enhancing revenues, fiscal responsibility, community engagement and outstanding customer service.

  Expo staff has been reorganized and trained on a broader vision for their work, responsibilities and support for their work. Work that there are no resources to address has been assumed by other venue staff.

KEY OBJECTIVES FOR FY 2013-14

- Work with all four venues to identify scope of work needed to evaluate current business model against known challenges in the three to five year outlook. Identify resources to perform project work with stakeholders to develop options and or changes to current business model to ensure financial sustainability of all venues.
- Execute classification and compensation update project for the MERC venues. Primary elements of the project include updating classification descriptions, determining compensation strategy, determining resource needs and rollout timing.
- Create a standardized set of customer service measures across all venues to be included in annual performance measures.
- Complete OCC hotel negotiations and begin construction on hotel project.
- Ensure the elephant habitat construction is well underway and on budget.
- Work with stakeholders and the city to ensure smooth transition to paid parking at the zoo and implementation of the Transportation Management Agency agreement.
- Continue to increase coordination of strategic communications from the venues.
- Ensure all venues hit revenue targets and aggressively manage expenses.
- Continue to engage with leadership of the Columbia Crossing Project representing Metro's interests as a land owner at Expo.

Summary of the Oregon Convention Center

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$8,768,638	$8,950,462	$9,224,471	$9,125,317	$9,674,777	$9,674,777	$9,674,777	6.02%
Materials and Services	14,998,774	15,101,697	17,351,832	18,732,147	15,392,337	15,392,337	17,732,337	(5.34%)
Capital Outlay	2,625,972	1,301,110	2,152,577	2,152,577	2,305,535	2,305,535	2,731,540	26.90%
TOTAL	**$26,393,384**	**$25,353,269**	**$28,728,880**	**$30,010,041**	**$27,372,649**	**$27,372,649**	**$30,138,654**	**0.43%**
BUDGET BY FUND								
MERC Fund	$26,393,384	$25,353,269	$28,728,880	$30,010,041	$27,372,649	$27,372,649	$30,138,654	0.43%
TOTAL	**$26,393,384**	**$25,353,269**	**$28,728,880**	**$30,010,041**	**$27,372,649**	**$27,372,649**	**$30,138,654**	**0.43%**
FULL-TIME EQUIVALENTS (FTE)	110.30	110.30	110.30	110.30	111.30	111.30	111.30	0.91%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								1.00

Oregon Convention Center

The Oregon Convention Center (OCC) is among the largest convention facilities in the Pacific Northwest and serves as a significant economic activity generator for the region and state by attracting out-of-town visitors to national conventions, to tradeshows and meetings and brings local residents to special events.

MAJOR PROGRAMS

Conventions, Trade and Consumer Shows – The Oregon Convention Center hosts, on average, half a million visitors each year who attend international, national and regional conferences, meetings and events. OCC events induce direct and indirect spending in local businesses, which create and support living wage jobs and generate tax revenues for state and local governments.

BUDGET ENVIRONMENT

The OCC revenue picture for FY 2012-13 exceeded expectations. OCC achieved two record revenue months in FY 2012-13 that did not seem possible when the budget was established more than a year ago. Reasons for this uptick in revenue are growth of some key shows, and the addition of new events like ComicCon, Retro Gaming and Magic, which have popular appeal in Portland. OCC continues to pursue high tech and local corporate business to produce further revenue gains.

Current bookings for FY 2013-14 lag behind trend in large part due to a reduced level of convention business that may be attributed to the recession, Portland's lack of a headquarter hotel and it simply being an off year. Sales staff has been actively targeting local food and beverage business, sports events and corporate events to fill the gap. The rebranding of ARAMARK to pacific**wild** catering has been well received especially due to the quality of the food produced by executive chefs. Partnerships with Pepsi and Portland Roasting Coffee have a promise of developing more marketing opportunities and events.

The convention center hotel project, if successful, will enhance the center's marketability to a national audience. OCC continues to lead the nation in sustainability programs and is upgrading infrastructure to enhance technical capacity to serve the high tech industry.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
(1.0)	($102,317)	Eliminate Chief Engineer position.
1.0	$76,689	Add Telecom and Information Systems Technician.
1.0	$77,725	Add an additional Sales Manager contingent on a term agreement and approval of a convention center hotel.
	$615,000	Fund a portion of OCC capital projects from the MERC Pooled TLT Capital account.
1.0	**$667,097**	**TOTAL**

PERFORMANCE MEASURES

National Conventions.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
44	**42**	37	*32*	*42*	*44*	*44*

(Note: 2015 and beyond is projected to return to historical levels)

Food and Beverage Margin.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
17.5%	**11.3%**	16.3%	*14.7%*	*15.5%*	*16.0%*	*16.0%*

Ratio Operating Revenue to Expenditures.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
90.7%	**85.5%**	80.2%	*78.0%*	*82.0%*	*87.0%.*	*87.0%*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- OCC is on pace to achieve a 72 percent diversion rate.
- Front of house composting will begin facility-wide ahead of schedule on April 1, 2013.
- OCC is currently engaged in the LEED-EBOM recertification effort. We are working with Green Building Services to update and gather information required for recertification and are in the performance tracking stage.
- OCC is currently reviewing plans to renovate Dragon Café; one of its main concession stands. The addition of menu boards, menu changes and pricing modifications has led to additional concession revenues.
- OCC implemented complimentary Wi-Fi zones around the Stir Lounge, Portland Roasting Coffee shops and throughout Ginkoberry Lane in July 2012. The entire structure of the Internet services offered by OCC was revised to provide a better customer experience and to ensure that complimentary services wouldn't render paid services obsolete.
- OCC was successful in producing eight free concerts on Thursday evenings in July and August 2012. Sponsorship efforts were successful to underwrite the cost of the musicians.
- Per the direction of the Metro Chief Operating Officer, OCC completed a five-year mission critical plan identifying key goals and initiatives to pursue in the upcoming years.

KEY OBJECTIVES FOR FY 2013-14

- Achieve LEED-EBOM Gold Certification.
- Increase focus on efficiencies and cost reductions in the entire operation.
- Enhance short term booking strategy focusing on banquet and gala events to offset reduction in national conventions.
- Conduct proactive preventative maintenance and maximization of equipment efficiencies to reduce short- and long-term equipment replacement costs.
- Provide a high level of service to all clients utilizing our customer service program to acknowledge high-level performance.

Summary of Portland Center for the Performing Arts

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$5,189,316	$5,377,506	$5,582,207	$5,522,476	$5,623,884	$5,623,884	$5,623,884	1.84%
Materials and Services	3,354,848	3,830,795	3,582,046	4,431,305	4,469,199	4,469,199	4,469,199	0.86%
Capital Outlay	930,503	523,252	570,000	675,000	831,000	831,000	916,000	35.70%
TOTAL	**$9,474,667**	**$9,731,553**	**$9,734,253**	**$10,628,781**	**$10,924,083**	**$10,924,083**	**$11,009,083**	**3.58%**
BUDGET BY FUND								
MERC Fund	$9,474,667	$9,731,553	$9,734,253	$10,628,781	$10,924,083	$10,924,083	$11,009,083	3.58%
TOTAL	**$9,474,667**	**$9,731,553**	**$9,734,253**	**$10,628,781**	**$10,924,083**	**$10,924,083**	**$11,009,083**	**3.58%**
FULL-TIME EQUIVALENTS (FTE)	46.40	47.40	46.40	46.40	44.40	44.40	44.40	(4.31%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(2.00)

Portland Center for the Performing Arts

Portland Center for the Performing Arts (PCPA) provides superior, responsibly managed performance spaces that foster an environment in which diverse performing arts, events and audiences flourish.

MAJOR PROGRAMS

Performing Arts, Arts and Culture – PCPA is the hub of downtown Portland's thriving Broadway Cultural District. The center draws roughly one million visitors each year to enjoy world class performance arts and entertainment, contributing to a vibrant and culturally rich region.

BUDGET ENVIRONMENT

Despite the recent rebound in transient lodging tax (TLT) revenues and the restoration of PCPA's allocation to $1.2 million in FY 2010-11, PCPA still faces a funding gap as expenses continue to outpace revenues. The organization's mission to support local resident arts groups by providing deeply discounted rental rates of performance spaces is becoming increasingly difficult to achieve. Buildings that now range from 25 to 100 years old are creating renewal and replacement demands that PCPA, at its current funding levels, will not be able to sustain in the long term. Discussions on how to resolve this will need to take place in FY 2013-14. PCPA will have only 6.5 weeks of Broadway in FY 2013-14 with a slightly better than average product. The symphony and ballet combined will perform 17 fewer performances, although this revenue could be made up through commercial bookings in these open dates. This will also be the first full year of a new ticketing system that is anticipated to generate more revenue than the previous system.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
(1.0)	($5,000)	Eliminate vacant full time Lead Stage Door Attendant which is now covered by part time agents with the additional savings funding a part time administrative assistant to support the operations department.
(2.0)	($134,625)	Eliminate two part time non-represented facility maintenance positions; services will be contracted out.
1.0	$89,718	Add a new position to supervise maintenance and engineering services.
	$252,456	Due to full year on the new, more profitable ticketing system, ticketing commissions are up $819,456. The commission is also higher as PCPA collects the full service charge then pays the ticketing company their ticket fee and pays the credit card expense reflected in a materials and services increase of $567,000. Under the old system, the former ticketing company took their fee out prior to sending ticket commissions to us.
(2.0)	**202,549**	**TOTAL**

PERFORMANCE MEASURES

PCPA total weeks of Broadway.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
13	**12.5**	10	*6.5*	*10*	*10*	*10*

(Note: 2015 and beyond is project to return to historical levels)

Food and Beverage Margin.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
10.9%	**19.9%**	13.9%	*14.54%*	*15.0%*	*16.0%*	*16.0%*

Ratio Operating Revenue to Expenditures.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
88.9%	**94.5%**	88.9%	*89.0%*	*90.0%*	*90.0%.*	*90.0%*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Implemented new ticketing system to increase ticketing revenues.
- Developed new brand identity and website.
- Continued work with PCPA Foundation to clarify mission to raise capital funds for facility projects.
- Developed sponsorship packages for Music on Main and Summer Arts on Main.

KEY OBJECTIVES FOR FY 2013-14

- Work with stakeholders to identify long term funding strategy for PCPA.
- Roll out of new brand and website launch.
- Develop incentive packages to encourage commercial rentals during periods of open dates.
- Implement sponsorship and marketing packages to increase revenues.
- Fully utilize new ticketing system tools to promote ticket sales.
- Develop and launch foundation fundraising event.

Summary of the Portland Expo Center

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$1,388,413	$1,469,088	$1,605,485	$1,608,478	$1,655,148	$1,655,148	$1,655,148	2.90%
Materials and Services	2,552,818	3,083,033	2,847,971	2,912,620	2,776,724	2,776,724	2,832,986	(2.73%)
Capital Outlay	450,004	219,918	574,500	574,500	969,003	969,003	1,039,003	80.85%
Debt Service	1,189,131	1,188,631	1,187,132	1,187,132	1,188,651	1,188,651	1,188,651	0.13%
TOTAL	**$5,580,366**	**$5,960,670**	**$6,215,088**	**$6,282,730**	**$6,589,526**	**$6,589,526**	**$6,715,788**	**6.89%**
BUDGET BY FUND								
General Revenue Bond Fund	$1,189,131	$1,188,631	$1,187,132	$1,187,132	$1,188,651	$1,188,651	$1,188,651	0.13%
MERC Fund	$4,391,235	$4,772,039	$5,027,956	$5,095,598	$5,400,875	$5,400,875	$5,527,137	8.47%
TOTAL	**$5,580,366**	**$5,960,670**	**$6,215,088**	**$6,282,730**	**$6,589,526**	**$6,589,526**	**$6,715,788**	**6.89%**
FULL-TIME EQUIVALENTS (FTE)	13.30	13.30	13.30	13.30	12.30	12.30	12.30	(7.52%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(1.00)

Portland Expo Center

The Portland Expo Center (Expo) is a multi-purpose exhibition facility comprised of meeting rooms, exhibit halls, lobby and outdoor space and a full-service restaurant. Considered the region's primary destination for consumer public shows, tradeshows and special feature events, Expo hosts on average a half a million visitors each year.

MAJOR PROGRAMS

Conventions, Trade and Consumer Shows – Expo attracts regional visitors to diverse events that contribute to the livability of this region by inducing direct and indirect spending at local businesses that create and support living wage jobs and generating tax revenues for state and local governments.

BUDGET ENVIRONMENT

Expo is still in transition, with one fiscal year completed under new leadership and a myriad of new faces still in training. Expo has embraced a new marketing and communications plan, a revitalized brand and web presence, and has provided a number of new events while solidifying the core markets that have supported the success of Expo for many years. Additionally, Expo has embarked on a number of new sustainable efforts with a focus on reducing expenses. The efforts of this past year have left Expo well-positioned to focus on sales and increased revenues.

The FY 2013-14 budget does not include *Cirque du Soleil*. While looking positive, we still await final date negotiations, and will amend the budget as circumstances allow.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
(1.0)	(71,180)	Eliminate Executive Assistant position for one fiscal year to assess administrative staffing needs. In the interim two part time positions will provide focused support to administrative and operating support.
	42,317	Add two part time administrative and operating support positions.
	35,000	Increase in payment to the City of Portland for a new storm water fee to be phased in over several years; expected annual cost to peak around $150,000.
	40,000	Add contingency for emergency or other unanticipated facility repair projects at Expo.
	165,000	Fund a portion of Expo capital projects from the MERC Pooled TLT Capital account.
	$211,137	**TOTAL**

PERFORMANCE MEASURES

Number of Events.

10/11	**11/12**	**12/13**	*13/14*	*14/15*	*15/16*	*16/17*
93	**114**	**110**	*109*	*112*	*115*	*118*

Food and Beverage Margin.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
11.4%	**11.3%**	19.3%	*17.9%*	*18.0%*	*18.5%*	*19.0%*

Ratio Operating Revenue to Expenditures.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
128.48%	**134.21%**	128.06%	*133.77%*	*134.0%*	*135.0%*	*136.0%*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Further implemented Expo marketing and communications plan, including targeted enhancements to the www.expocenter.org website, implemented a media outreach plan that included transit and local advertising, expanded (phase two) on-site signage and revised policy on logo use with client base for increased earned media opportunities.
- Successfully created an active and supportive Expo Advisory Committee from a diverse group of clients, tradeshow professionals, community partners and MERC Commissioners to review, recommend and assist in the continued growth and support of the events and overall activities of Expo.
- Managed ongoing review of Expo's exhibit halls A, B and C, beginning with survey analysis, structural and geotechnical engineer analysis, and economic and fiscal business model review as it relates to those halls and impacts of this information on Expo's current Master Plan.
- Continued engagement with the City of Portland's Bureau of Sustainability (Stormwater Management increases) and the Multnomah County Drainage District #1. All of these agencies relate to the immediate and future impacts to the Expo's current business model.
- Continued development, training and support of small staff at Expo focused on enhancing revenues, fiscal responsibility, sustainable initiatives, community engagement and outstanding customer service.
- Completed capital projects included: Equipment purchases of five full-size bleachers; Renovation of Hall E lobby (carpet/paint/coffee cart upgrade), WiFi installation Hall D, Roof repairs for Hall D Lobby, Roof repairs Halls A and C, Parking Lot Repairs – Upper Four. Ongoing work for WiFi in Hall E, Electronic signage and AV Upgrades continue as of this writing.

KEY OBJECTIVES FOR FY 2013-14

- Focus marketing and communications planning and execution on increased sales revenue opportunities for new and repeat business.
- Continue work on broader opportunities where expansion into new markets is possible and meeting our community outreach objectives.
- Develop ongoing food and beverage improvements with our partners ARAMARK/ pacific**wild**, up to and including concession stand improvements, new event development, and all with a focus on quality, community and cleanliness.
- Continue engagement with Metro staff for the Columbia River Crossing project, the City of Portland's Bureau of Sustainability (Stormwater Management increases) and the Multnomah County Drainage District #1.
- Further develop the positive attributes of having an engaged Expo Advisory Committee dedicated to the topics of the Columbia River Crossing, Long-Term Funding Solutions, Community Outreach, History and Equity.
- Focus capital projects on sustainable initiatives: Halls A, B, D and E lighting retro-fit projects, bioswale improvements and sustained efforts on diversion practices. A measured and project managerial approach to renewal and replacement projects and our continued follow-up and research for the ongoing Hall A, B and C study.

Summary of the Oregon Zoo

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$16,104,317	$17,027,485	$19,222,356	$19,173,605	$19,805,776	$19,805,776	$19,805,776	3.30%
Materials and Services	9,814,078	11,084,046	12,250,580	12,650,580	12,658,385	12,658,385	13,104,385	3.59%
Capital Outlay	8,765,837	7,264,919	20,852,845	22,725,774	31,530,955	31,530,955	31,571,810	38.93%
Debt Service	404,670	404,408	403,320	403,320	385,230	385,230	385,230	(4.49%)
TOTAL	**$35,088,902**	**$35,780,858**	**$52,729,101**	**$54,953,279**	**$64,380,346**	**$64,380,346**	**$64,867,201**	**18.04%**
BUDGET BY FUND								
General Fund	$25,125,391	$27,167,818	$30,862,025	$31,227,511	$31,465,451	$31,465,451	$31,585,451	1.15%
General Asset Management Fund	840,091	1,518,823	1,937,754	3,810,683	6,467,084	6,467,084	6,833,939	79.34%
General Revenue Bond Fund	404,670	404,408	403,320	403,320	385,230	385,230	385,230	(4.49%)
Natural Areas Local Option Levy Fund	0	0	0	0	297,413	297,413	297,413	n/a
Oregon Zoo Infrastructure & Animal We	8,718,750	6,689,809	19,526,002	19,511,765	25,765,168	25,765,168	25,765,168	32.05%
TOTAL	**$35,088,902**	**$35,780,858**	**$52,729,101**	**$54,953,279**	**$64,380,346**	**$64,380,346**	**$64,867,201**	**18.04%**
FULL-TIME EQUIVALENTS (FTE)	155.98	159.31	167.95	168.20	169.65	169.65	169.90	1.01%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								1.70

The Oregon Zoo is the state's most popular paid attraction whose mission is to inspire visitors to learn about endangered species protection and take action toward native habitat restoration.

MAJOR PROGRAMS

The Oregon Zoo activity is budgeted in three funds: the General Fund, the General Asset Management Fund and the Oregon Zoo Infrastructure and Animal Welfare Fund. It is organized into divisions, including Living Collections, Environmental Education, Guest Services, Facilities Management, Marketing, Administration and Bond Program.

Environmental Education: This program is made up of zoo education, volunteer services and youth core, as well as ongoing integration of the sustainability conservation education division. The education aspect of this program provides learning opportunities to people of all ages and cultures. The zoo develops leaders and community relationships, encourages growth and inspires change through vital and dynamic volunteer opportunities and models behavior on sustainable living by our actions and examples of how we operate our facilities. Zoo and sustainability education programs increase the public's understanding of environmental issues, the need for direct action related to clean air and water, the management of resources for future generations and improving access to nature.

Conservation and Research: This program comprises animal welfare research scientists and species recovery specialists. The conservation aspect of this program identifies and implements *in situ* and *ex situ* wildlife conservation through direct fieldwork, research, improved animal husbandry techniques and captive propagation. Research is an important aspect of this program that continues the zoo's leadership in animal welfare science and innovation. In addition to cooperating with the Association of Zoos & Aquariums, the zoo participates in species survival plans and partners with several other conservation groups to conserve endangered and threatened species in our care and in nature.

Zoo Visitor Experience: This program represents the primary activities that serve guests during their visit to the zoo campus. Supporting the zoo's mission statement, the zoo provides guests the opportunity for observation, discovery and engagement of animals in naturalistic environments. To meet guest expectations, provide positive experiences and to generate enterprise revenues, the zoo provides many services and activities, such as admissions, food services, campus security, facility management, public events, catering venues, marketing and the zoo railway. The zoo also provides world class animal care for its collection of more than 2,000 animals that guests interact with on their visit.

The Oregon Zoo Infrastructure and Animal Welfare (A Better Zoo): This program represents the capital planning and construction activities funded by the November 2008 general obligation bond authority. Current and future projects include an Elephant Habitat and Related Infrastructure, Remote Elephant Facility, Conservation Discovery Zone, Polar Bear, Primate, Rhino and Condor projects and sustainability initiatives.

BUDGET ENVIRONMENT

Revenues are based on attendance of 1.61 million, the same as budgeted for FY 2012-13 and compared to the actual attendance of 1,597,475 in FY 2011-12. The attendance is based on a staging 16 premium concerts, the zoo's 125th Anniversary celebration, and the opening of both the Flamingo aviary and the Condor Habitat. In addition, the General Fund revenue drivers include an admission price increase of $1.00 as of February 2013. A revenue challenge will be managing the impacts to visitors due to the beginning stages of construction of the elephant habitat, which will require that the train be out of commission a portion of the year. Planning is underway for construction related displays and exhibits to involve guests in the excitement of the new exhibits to offset the potential impacts from construction.

Zoo bond funded projects are underway and include the completion of the design of the elephant exhibit, condor exhibit and infrastructure improvements. Construction began on the access road around the campus and the adjustments to the train roundhouse and tracks to prepare the site for the construction of the elephant exhibit. In addition, an existing building is being converted to house the zoo's Wildlife Live program animals that will be displaced by the expanded elephant habitat.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
(1.0)	(127,812)	Elimination of Deputy Director position.
(0.8)	(34,519)	Elimination of limited duration Program Assistant 1.
(1.8)	**($162,311)**	**TOTAL Expenditure**
	689,080	Increased Admissions revenue based on 1.61 million attendance and price increase effective February 2013.
	237,048	Increase in Concert revenue projected based on higher sales and newly negotiated contract with ticketing agent.
	176,900	Higher membership revenue; OZF is simplifying rate structure and increasing membership pricing.
	(273,700)	Elimination of Parking Fee revenue; Parking Lot operations are being assumed by City of Portland.
	(338,100)	Decrease Exhibit Shows revenue; no large temporary exhibits planned for FY 2013-14.
	($230,670)	Decrease train revenue due to construction, although ZooLights rates are increased.
	$491,228	**TOTAL Enterprise Revenue**

PERFORMANCE MEASURES

Conservation Education Program

Total conservation education program attendance (thousands).

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
202	**202**	205	*209*	*212*	*215*	*218*

Zoo Visitor Experience Program

Enterprise Revenue: Comparison of current achievement to the adopted budget. Admissions, food service and catering, retail, classes and camps, train and special exhibits.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
87%	**95%**	96%	*98%*	*100%*	*100%*	*100%*

The Oregon Zoo initiated a visioning process in FY 2012-13, for the purpose of developing a five-year strategic direction. Through this exercise, a new set of performance measures are being created that better link budgetary data to the desired operational outcomes.

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Combined the education staff from the Sustainability Center with zoo education staff to expand their regional collaboration and the ability to develop their community service/outreach and youth programming.

- Completed the capital renovations and repairs to the Cascade Aviary Mesh and the Africa Lagoon projects funded by the Oregon Zoo Foundation's "Don't Miss the Flight" campaign.
- Completed the design of the condor exhibit and site infrastructure projects, funded by the Oregon Zoo Infrastructure and Animal Welfare Bond. Design for the elephant project completed in early summer 2013 and transitioned to construction.
- Construction of new access road around the zoo campus, including adjustments to the train roundhouse and tracks began in spring 2013.
- Enhanced member and visitor experience options by staging four Sunset at the zoo evening events.
- Fully staffed the expanded catering program, purchasing a new food cart for improved concessions, and currently updating restaurants and menus.
- Successfully upgraded Gateway ticketing system and target the integration with the Oregon Zoo Foundation's Raiser's Edge membership software to be completed in FY 2014-15.

KEY OBJECTIVES FOR FY 2013-14

- Minimize revenue impact from bond construction disruptions, specifically the effect on receipts from the summer concerts and train admissions.
- Maintain overall guest experience and satisfaction during construction activities.
- Complete condor and elephant infrastructure projects funded by the Oregon Zoo Infrastructure and Animal Welfare Bond.
- Begin design work for the Conservation Discovery Zone building funded by the Oregon Zoo Infrastructure and Animal Welfare Bond.
- Focus on increasing net revenue from food sales through continued refinement of the zoo's food service business model.
- Work with stakeholders and the city to ensure smooth transition to paid parking at the zoo and implementation of the Transportation Management Association agreement.

Communications

FY 2012-13 — 23.13 FTE

FY 2013-14 — 22.25 FTE

Public Engagement

- Office of Citizen Involvement

Customer Communications

Employee Communications

Media and Design

- Metro News
- Public Website
- Design services and resources

Summary of Communications

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$2,256,391	$2,357,670	$2,340,085	$2,335,825	$2,537,548	$2,537,548	$2,537,548	8.64%
Materials and Services	112,056	129,310	261,500	291,500	120,400	120,400	164,100	(43.70%)
TOTAL	**$2,368,447**	**$2,486,980**	**$2,601,585**	**$2,627,325**	**$2,657,948**	**$2,657,948**	**$2,701,648**	**2.83%**
BUDGET BY FUND								
General Fund	$2,368,447	$2,486,980	$2,601,585	$2,627,325	$2,657,948	$2,657,948	$2,701,648	2.83%
TOTAL	**$2,368,447**	**$2,486,980**	**$2,601,585**	**$2,627,325**	**$2,657,948**	**$2,657,948**	**$2,701,648**	**2.83%**
FULL-TIME EQUIVALENTS (FTE)	22.00	22.00	22.00	23.13	22.25	22.25	22.25	(3.80%)
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								(0.88)

Communications

Communications serves as a liaison among the public and Metro's departments, elected officials and stakeholders. Communications' writers, designers, community relations professionals and public engagement experts help tell the stories of Metro's partnerships, programs and policies, while making it easier for a politically and culturally diverse constituency to express its desires and expectations.

Communications' staff includes professionals in media relations, public involvement, journalism, marketing, graphic and web design, event planning, issue management, stakeholder analysis and advocacy. Its integrated communication plans and web strategies help make the most of existing resources, and its staff continues to adjust to the rapid changes in the public's communication habits and preferences.

Using innovative methods, such as Opt In, a regional public engagement tool, and Metro News, a candid look at regional policymaking, Communications helps the public understand and respond to Metro's portfolio of projects, fulfilling its ultimate goal of building trust with the voters and residents of the region.

MAJOR PROGRAMS

Public engagement/Office of Citizen Involvement– This team connects community leaders and the public with the Council on regional issues through innovative engagement tools such as an online opinion panel, community events, media outreach, publications and web sites. The program builds relationships with local and regional decision makers and ensures outreach to a diverse representation of the region's residents to uphold Metro's principles of public involvement. The work supports the Equity Strategy program, Community Investment Initative, transportation corridor planning, climate change scenarios project, park and trail planning, the Regional Transportation Plan, MTIP and regional flexible fund allocation, urban growth management decisions, active transportation, visitor venue and parks-related master plans, the Solid Waste Road Map and other Council policy work.

Customer and community relations – This section is responsible for providing marketing and community relations support to a variety of Metro programs, services and facilities, including parks; transfer stations; household hazardous waste collection programs; RID patrol; Natural Areas acquisition, restoration and volunteer and grants programs. This work group also supports public education campaigns aimed at waste reduction, natural gardening, toxics reduction, MetroPaint, recycling and environmental education and regional travel options and it partners with venues communications staff on cross-marketing and other opportunities.

Employee communications – This section, which is in the COO's office but has a dotted line relationship to Communications, is responsible for workforce communications regarding management practices and policies, organizational changes and improvement initiatives, human resources, employee benefits, information services, contact and mailing management and other internal agency matters.

Media and design – The team provides editorial, web and design services for Metro, including the website, reports, displays, signs and other communication products. It is also the home of Metro News, which informs readers of regional decisions in an honest, transparent manner; Metro's social media, including Twitter and Facebook; and interactive products.

BUDGET ENVIRONMENT

The continued stress on the General Fund is forcing difficult choices for communications and other central services. Multiple General Fund programs with growing needs are competing for a declining share of General Fund-supported communications resources. Reliance on the Solid Waste Fund and bond funds is increasing and therefore absorbing a larger share of communications' staff time.

A revamped Office of Citizen Involvement and Public Engagement Review Committee will create external pressure for additional investments in public engagement and communications.

Print and other traditional news media continue to decline, which leaves a greater burden on Metro to engage and inform the region's residents.

The equity project, federal Title VI requirements and the changing demographics of the region's population are forcing a reevaluation of the resources needed to successfully inspire, inform, teach and invite people to participate in Metro's work.

The number and scope of Metro projects that require direct involvement with local elected officials and stakeholders create coordination and communication challenges. The challenges are becoming more acute as General Fund resources are cut from the department. Staff continues to work with the Council office to improve coordination of Metro's contacts with local elected officials, local government staff and key stakeholder organizations.

The creation of a new web platform and a new website for Metro continues to require significant communications resources. While some backfill has been provided, the web project has still reduced the department's discretionary capacity.

On the brighter side, agency partners in the region are increasingly supporting Opt In. Agreements with Clean Water Services and Washington County will support half of the annual license fee for Opt In. Other agencies also are using the panel for their own public engagement work, reducing Metro's need to find ways to regularly engage panel members.

SIGNIFICANT CHANGES IN THE BUDGET

Due to the tight budget environment, Communications' materials and services budget is significantly reduced. Because of the reduction, the department will need to rely on internal resources or materials and services resources from other departments. The result will be somewhat less flexibility and less ability to outsource work to vendors to meet demand.

PERFORMANCE MEASURES

A biennial public survey in which an increasing percentage of respondents can identify Metro and one or more of its programs.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
		72%				

Percent of the region's elected officials who agree with the following: "Metro provides valuable services that have positive impacts on my constituents."

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
68%	**72%** will do again in FY 13-14			*80%*	*80%*	*80%*

Percent of employees reporting in a biennial survey that they agree or strongly agree with the following: "The agency has a well formulated strategy to achieve overall goals and directions."

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
41.7		41.6		*65%*		*65%*

Percent of website survey respondents reporting that they could easily find the information they were looking for on the Metro web site.

10/11	11/12	12/13	13/14	14/15	15/16	16/17
NEW	67%	82%*	83%	90%	90%	90%

* The question asked in 2012 and again in 2013 was, "Was your most recent visit to the Metro website a positive or negative experience?" 82 percent of 2,173 respondents had a positive experience.

In addition to the measures above, Communications also will track a variety of other things that will help measure progress. They include the percentage of people who participate in the Opt In panel, social media fans and followers, electronic newsletter subscriptions, online content and customer satisfaction and awareness surveys (online and print).

PROGRESS ON FY 2012-13 KEY OBJECTIVES

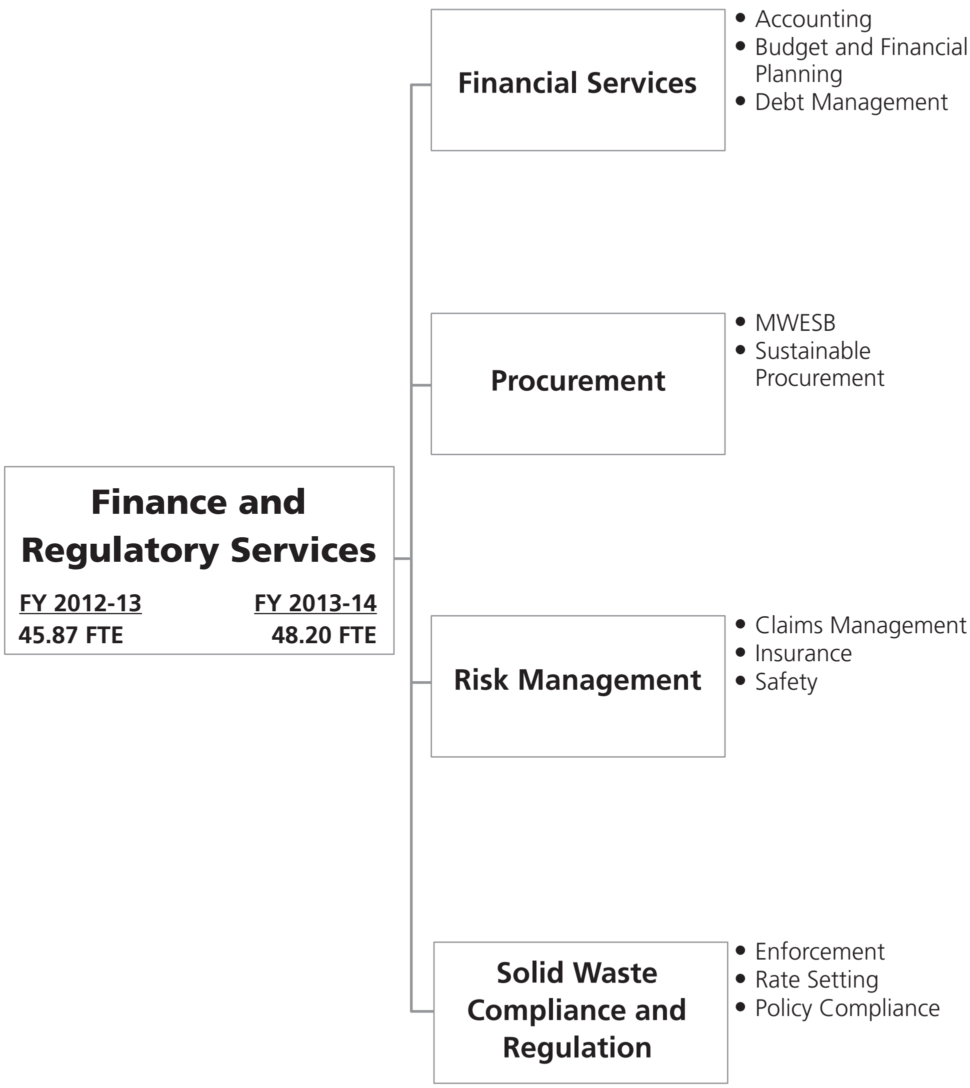
- Completed update of signage at Metro transfer stations and Blue Lake Regional Park, modernizing signage from about 20 years ago.
- Limited English Proficiency Plan - Incorporated new data analysis to implement Metro's Limited English Proficiency plan; began applying new best practices and standards to project work, (e.g., translation for Regional Flexible Funds materials, notifications and comment opportunities); began conducting LEP discussion groups to understand needs.
- East Metro Connections Plan –Successfully implemented engagement strategy to reach agreement among numerous local governments and agencies on a transportation and land use plan in East Multnomah county, setting the stage for future investments. Subsequently received federal grant to continue next steps of the engagement and development work.
- Produced strategic two-year marketing plans for MetroPaint, Natural Gardening, Regional Travel Options and coordinated living programs.
- Expanded Opt In partnerships to include TriMet, Washington County Clean Water Services, City of Portland, Portland Development Commission, Clackamas County and community newspapers.
- On schedule and on budget, more than 200 staff were engaged through a discovery process to complete creative briefs and wire frames for the launch of the new Metro website in 2014.
- Developed new Cemeteries branding and marketing plan.
- Increased accuracy of project tracking and real time reporting through implementation of Quickbase database.
- Finalized budget and coordinated marketing plan for efforts to launch in FY 2013-14 for living programs.

KEY OBJECTIVES FOR FY 2013-14

- Continue to strengthen relationships with and engage members of historically underserved populations through Opt In outreach, Equity Strategy implementation strategies and public involvement best practices.
- Build support for the Community Investment Initiative's Regional Infrastructure Enterprise through an integrated narrative, coordinated stakeholder outreach across Metro policies and projects, and clear opportunities for community leader and public engagement.
- Continue to implement recommendations from joint communications plan for sustainable living programs, including MetroPaint, regional travel options and resource conservation and recovery programs.

- Launch a modern, efficient Metro website to better serve citizens of the region.
- Support Metro cemeteries grave reclamation project.
- Develop and implement an integrated parks and natural areas marketing campaign.
- Propose a scope for selecting an agency-wide contact management system.
- Support success of Climate Smart Communities, RTP, Southwest Corridor and other planning and development projects.

Finance and Regulatory Services



Summary of Finance and Regulatory Services

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$4,341,779	$4,536,337	$5,022,348	$4,959,500	$5,296,715	$5,296,715	$5,332,011	7.51%
Materials and Services	1,082,666	1,095,293	1,341,497	1,341,497	1,401,281	1,401,281	1,476,281	10.05%
TOTAL	**$5,424,445**	**$5,631,630**	**$6,363,845**	**$6,300,997**	**$6,697,996**	**$6,697,996**	**$6,808,292**	**8.05%**
BUDGET BY FUND								
General Fund	$3,097,435	$3,607,222	$4,218,275	$4,140,619	$4,518,058	$4,518,058	$4,628,354	11.78%
Risk Management Fund	264,575	0	0	0	0	0	0	0.00%
Solid Waste Revenue Fund	2,062,435	2,024,408	2,145,570	2,160,378	2,179,938	2,179,938	2,179,938	0.91%
TOTAL	**$5,424,445**	**$5,631,630**	**$6,363,845**	**$6,300,997**	**$6,697,996**	**$6,697,996**	**$6,808,292**	**8.05%**
FULL-TIME EQUIVALENTS (FTE)	43.70	43.70	45.87	45.87	48.20	48.20	48.50	5.73%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								2.63

Finance and Regulatory Services

Finance and Regulatory Services (FRS) provides financial management, administrative, regulatory and operational services to Metro's elected officials, operating centers and services, employees and the public. In addition, Finance and Regulatory Services licenses small contractors, regulates private solid waste facilities and sets rates for public solid waste disposal facilities.

MAJOR PROGRAMS

Financial Services – Financial Services joins the forces of the accounting and financial planning groups to assure the highest level of accountability in financial and operational performance. The group is responsible for processing and reporting all financial transactions, revenue collection, budgeting, investment and debt management. Other services include the management of the Contractor's Business License program and collection of the Construction Excise Tax.

Procurement – Procurement Services oversees the contracting and purchasing activities of Metro's operating centers to assure compliance with state and federal regulations and Metro Code and to encourage a competitive process that supports openness and impartiality. Metro Code establishes policies that encourage use of minority-owned, women-owned and emerging small businesses (MWESB) by creating the maximum possible opportunity for such businesses to compete for and participate in Metro contracting activities.

Risk Management – Risk Management is responsible for Metro's workers' compensation and safety program, general liability and property claims. The Risk Management Fund is managed to meet actuarial standards, relying on both purchased insurance and self-insured risk management techniques.

Solid Waste Compliance and Regulation – As a business service, Solid Waste Policy and Compliance provides forecasting, modeling and analysis for setting rates for public solid waste disposal facilities, collecting all eligible fees and taxes from private facilities, monitoring compliance for tonnage-related limits (flow control) and auditing payments and compliance with solid waste's major operating contracts. As a regulator, Solid Waste Compliance and Cleanup works to minimize and mitigate impacts to the public and the environment from improper management of solid waste within the Metro region, first by ensuring that private solid waste facilities operating under Metro licenses, franchises and facility agreements meet regulatory, operational, environmental and financial assurance standards. Secondly the program cleans up and investigates illegal disposal sites and prosecutes persons illegally disposing of waste.

BUDGET ENVIRONMENT

FRS has constructed its budget based on increasing efficiency by consolidating Metro and MERC business processes and staff; the last four accounting positions in the MERC Fund are moving to the General Fund. Three significant automation projects have been completed with the goal of improving efficiency, information and future decision-making: the Solid Waste Information System project (SWIS) entered its execution phase; the budget module project was designed and tested for use in building the FY 2013-14 budget; and the implementation of the Enterprise Resource Planning (ERP) project to improve Metro's financial systems will be underway with a goal of reducing future processing and maintenance costs.

This year's automation projects include Chart of Accounts changes for both Planning and the Oregon Zoo, direct integration of data from ancillary systems into PeopleSoft and assisting with the upgrade of PeopleSoft Finance.

Metro's regulatory focus on facilities involved in reloading, transferring or processing organic waste, especially residential and commercial food waste, will increase. Public concern about compost facilities centers on increased odor, nuisance, vector and stormwater runoff issues and their impact on residential neighbors. Emerging technologies such as anaerobic digestion, pyrolysis, plasma and gasification will require more oversight and technical knowledge than traditional operations.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
4.0	$328,581	Transfer of four positions from MERC to Finance and Regulatory Services as part of continuing consolidation of business services. Positions will become generalized with a proportionate share paid by MERC through the cost allocation plan.
(0.2)	(23,512)	Eliminate 0.2 FTE of Investment Coordinator position.
	$205,000	Begin implementation of ERP roadmap.
3.8	**$510,069**	**TOTAL**

PERFORMANCE MEASURES

Percentage of contracts and contract dollars awarded to MWESB firms.

	10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
Contract $	**16%**	**11%**	15%	*15%*	*15%*	*15%*	*15%*
Contract #	**34%**	**24%**	25%	*30%*	*35%*	*35%*	*35%*

Tons of solid waste cleaned up from illegal disposal sites each year.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
224	**197**	200	*200*	*200*	*200*	*200*

Number of illegal disposal sites with potentially hazardous waste cleaned up each year.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
52	**65**	70	*70*	*70*	*70*	*70*

Total Cost of Risk

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
.92%	**<1.0%**	<1.0%	*<1.0%*	*<1.0%*	*<1.0%*	*<1.0%*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Implemented Solid Waste Information System.
- Activated Purchase Order workflow and encumbrances.
- Implemented GASB 60.
- Consolidated banking services for Metro and MERC.
- Reaffirmed AAA bond rating.
- Completed Chart of Accounts consolidation project.

KEY OBJECTIVES FOR FY 2013-14

- Implement and execute the next stage of the Solid Waste Information System.
- Complete transfer station franchise extensions.
- Begin implementation of the Enterprise Resource Planning Roadmap.
- Assist PeopleSoft Finance upgrade.
- Build FY 2014-15 budget on new system.

Human Resources

FY 2012-13	FY 2013-14
17.75 FTE	17.75 FTE

Employee and Labor Relations
- Administer contracts and policies equitably
- Negotiate contracts

Recruitment and Retention
- Attract applicants
- Select highly qualified employees

Classification and Compensation
- Develop and administer classification of compensation systems

Training and Organizational Development
- Develop and deliver training
- Assess organizational development needs

Benefits
- Administer benefits
- Administer leave laws

Payroll
- Process payroll
- Ensure legal compliance

Diversity

Summary of Human Resources

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$1,503,316	$1,616,083	$1,764,601	$1,732,402	$1,844,321	$1,844,321	$1,844,321	6.46%
Materials and Services	314,662	338,079	402,431	402,431	319,721	319,721	375,016	(6.81%)
TOTAL	**$1,817,978**	**$1,954,162**	**$2,167,032**	**$2,134,833**	**$2,164,042**	**$2,164,042**	**$2,219,337**	**3.96%**
BUDGET BY FUND								
General Fund	$1,817,978	$1,954,162	$2,167,032	$2,134,833	$2,164,042	$2,164,042	$2,219,337	3.96%
TOTAL	**$1,817,978**	**$1,954,162**	**$2,167,032**	**$2,134,833**	**$2,164,042**	**$2,164,042**	**$2,219,337**	**3.96%**
FULL-TIME EQUIVALENTS (FTE)	16.50	18.00	17.75	17.75	17.75	17.75	17.75	0.00%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								0.00

Human Resources

Human Resources partners with the overall agency as well as individual departments to provide strategic leadership ensuring consistent and sustainable human resources practices and systems to assist our customers in demonstrating Metro's values and carrying out the Council's six regional outcomes.

MAJOR PROGRAMS

Diversity – Staff is part of the COO's office with a programmatic relationship to HR. The diversity program is responsible for the development, implementation and communication of diversity strategies, which support Metro's values, goals and Diversity Action Plan.

Benefits – Staff administers and monitors the following programs: Metro's health and welfare benefits, wellness, Family Medical Leave Act, Americans with Disabilities Act, COBRA benefits continuation, voluntary retirement programs and unemployment.

Classification and Compensation – Staff develops, implements and administers Metro's classification and compensation systems. Staff also maintains the Human Resources Information System and the integrity of the data base.

Employee and Labor Relations – Staff represents Council and management in labor negotiations. Staff conducts employee related training and advises managers on ways to reduce employment risk. Staff also conducts employment related investigations, provides consultation and dispute resolution services to managers and employees and acts as a liaison between labor and management.

Organization Development and Training – Staff leads and provides support to organization change initiatives in order to achieve business goals. Staff provides leadership and management and staff development. Staff also maintains the Metro Learning Center, the on-line learning management system, and oversees New Employee Orientation.

Payroll – Staff processes all payroll for the organization and develops and maintains payroll policies and procedures in accordance with state and federal law and the applicable collective bargaining agreements. In addition, staff has responsibility for the timekeeping system.

Recruitment and Retention – Recruitment and retention staff works to attract, select and retain an exceptionally competent, productive, diverse and motivated workforce. They work closely with the hiring manager and Diversity Action Team to carry out the organization's goals of retaining a diverse workforce.

BUDGET ENVIRONMENT

A continuing challenge for Human Resources is strategic planning for the organization's recruitment, selection, training and use of human resources agency-wide so that personnel services do not outpace revenue forecasts. Human Resources is working actively with the health benefits broker to ensure Metro is obtaining the best rates possible and is working with the Joint Labor Management Committee for Health Benefits to develop health care strategies and review options for reducing the costs through plan design and the implementation of wellness measures. Another issue facing Human Resources is assisting the organization in establishing consistent management practices through policy and procedure development and training programs. Recruiting and retaining a highly skilled and diverse workforce also remains a primary Human Resources initiative.

SIGNIFICANT CHANGES IN THE BUDGET

There are no significant changes to the budget.

PERFORMANCE MEASURES

Human Resources staff is consistent with industry standards of HR to employee ratio. Note that this industry standard does not include payroll, and the calculation reflects that.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
1:122	**1:119**	1:121	*1:100*	*1:100*	*1:100*	*1:100*

Progress made toward reaching goals as set forth in the affirmative action plan. Number of areas with goals set.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
7		7		*Measured every other year*		

Percent of employees who agree with the following: “I am satisfied with the timeliness and quality of services provided by Human Resources?”

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
	83%	73%*	*80%*	*85%*	*90%*	*90%*

•Note in FY 2011-12 the survey ranking options changed to include a ranking of neutral which was not included in the 73 percent noted.

PROGRESS ON FY 2012-13 KEY OBJECTIVES

- Developed a five year strategic plan.
- Expanded scope of service with the combining of MERC and Metro HR; thereby coordinating employee and labor relations across the agency.
- Developed agency wide strategies for implementation of Affordable Health Care Act components, this will pose ongoing challenges during the coming fiscal year.
- Worked with the JLMC-Health Benefits to develop long-term goals for health insurance benefits at Metro.
- Implemented a Kronos leave management program.
- Completed an RFP process and transitioned to a new vendor for the voluntary retirement programs.
- Continued review and development of best practices for common personnel policy and procedure with MERC and Metro and negotiated 16 new policies and work rules for various departments in the agency including the zoo and PES scale house.
- Resolved seven formal grievances.
- Prepared for and negotiated for three collective bargaining agreements.
- Continued to partner with managers on employee relations issues to increase managerial effectiveness and meet business needs.
- Developed or updated the following online classes: Policy Review Assignment – Batch 2, Procurement | MWESB 101, Procurement | Understanding the Basics, [Project Management Forum] Dancing with Partners – Video Recap.
- Developed and/or delivered the following classroom training: Addressing Negativity [Managers], The Art and Science of Project Management, Dealing with Negativity [Employees], Difficult Conversations, Emotional Intelligence in the Workplace, Harassment & Discrimination Awareness for Employees and Managers, Influence without Authority, Legal and Business Processes [Managers],

Managing Email, Meeting Management, Managing the Performance of Others, New Employee Orientation, Oregon's History of Racism, OUCH! That Stereotype Hurts – Diversity Training, OUCH! Train the Trainer, Perspectives, Project Management Forum – Three part series, Time Management, Understanding the Disciplinary Process, Uniting to Understand Racism.

- Made improvements to employee onboarding program and new employee orientation.
- Administered the employee Sightline survey.
- Developed wellness program strategic plan to aid in achieving benefit goals.
- Moved HRMS from Oracle to SQL Server.

KEY OBJECTIVES FOR FY 2013-14

- Complete successor agreement negotiations with AFSCME 3580 and LIUNA 483.
- Conduct management diversity training that will build upon planned leadership diversity training from FY 2012-13.
- Rollout Cultural Compass Survey in August/September 2013.
- Expand diversity outreach in the recruitment and selection process.
- Further refine the classification and compensation system to align with the business needs of the agency.
- Implement health care reform.
- Benchmark leave usage across agency.
- Convert to pay cards for those employees currently receiving live checks.

Information Services

FY 2012-13 25.50 FTE
FY 2013-14 27.50 FTE

- **Administration**
- **Security**
- **Application Development and Maintenance**
  - Web program
  - Database management
  - Enterprise applications
- **Technical Services**
  - Network infrastructure
  - Help desk
  - Electronic communications
- **Records Information Management**
  - Records management
  - Retention Schedules
- **Project Management Office**
  - Project intake and prioritization

Summary of Information Services

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$2,295,249	$2,541,071	$2,736,393	$2,682,863	$3,070,077	$3,070,077	$3,070,077	14.43%
Materials and Services	692,083	889,657	909,607	909,607	820,018	820,018	845,018	(7.10%)
Capital Outlay	584,177	187,123	839,789	882,889	256,303	256,303	465,963	(47.22%)
TOTAL	**$3,571,509**	**$3,617,851**	**$4,485,789**	**$4,475,359**	**$4,146,398**	**$4,146,398**	**$4,381,058**	**(2.11%)**
BUDGET BY FUND								
General Fund	$2,884,515	$3,411,127	$3,640,353	$3,586,823	$3,890,095	$3,890,095	$3,915,095	9.15%
General Asset Management Fund	686,994	206,724	845,436	888,536	256,303	256,303	465,963	(47.56%)
TOTAL	**$3,571,509**	**$3,617,851**	**$4,485,789**	**$4,475,359**	**$4,146,398**	**$4,146,398**	**$4,381,058**	**(2.11%)**
FULL-TIME EQUIVALENTS (FTE)	23.50	26.00	25.50	25.50	27.50	27.50	27.50	7.84%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								2.00

Information Services provides the professional skills and tools to deliver technical and information solutions for Metro departments to achieve their business objectives. The department strives for results that provide the right solution with the right functionality, balanced with implementation and long term support costs.

MAJOR PROGRAMS

Administration and Security – The Office of the Director is responsible for the development of strategic plans for information technology in support of the agency's mission as well as providing overall policy, office and personnel management, development and implementation of the annual budget, purchasing and contract management. Provides high-level oversight of ongoing technology operations.

Application Development and Maintenance – This program supports the development, updating and maintenance of applications used within Metro as well as specific enterprise-wide applications, including PeopleSoft HR and Finance, EBMS (the venues' event business management system), KRONOS timekeeping, Celayix time scheduling, the Gateway Zoo ticketing system, Micros Point of Sale systems, TRIM records management and web software development. The latter supports specific program needs that cannot be met through purchase of commercial web content management systems. It also provides database management for all areas of the agency, including the RLIS and GIS databases, and ensures secure backups, performance monitoring, log management and support of custom and web applications.

Technical Services – The Technical Services program is responsible for all systems infrastructure, operations and helpdesk services, including hardware software and the communication transport necessary to maintain an efficient and effective computer network. All productivity tools, including e-mail, calendaring, file services, VoIP telephony, desktop spreadsheet and word processing are managed in this area. Technical Services manages all of the technical infrastructure and support requirements from the desktop through the network to the application being accessed by the user. This section also manages the umbrella service of technology security with both account provisioning, security review and implementing on-going technology security initiatives.

Records Information Management (RIM) **–** The RIM program develops agency policies, procedures and practice of professional management of information. This includes management from the time records are received or created through their processing, distribution, use and placement in a storage or retrieval system and their eventual destruction or permanent retention.

Project Management Office – The Project Management Office (PMO) is responsible for new project intake, scoping and resource utilization, assessing project risk and return on investment as well as continuous improvement on the process of implementing and updating technology projects. The PMO also includes training, technical and user documentation, change orders, developing and employing project management standards and is responsible for client interface.

BUDGET ENVIRONMENT

Technology at our desks, in our pockets, in the field, within the data center and out to the Internet continue to rapidly evolve and morph into new solutions and challenges. Information Services' competing goals are to enable innovations from these multiple sources while managing risks to security, daily operations and longer term cost implications of increased support. Working in both supporting and enabling roles, the department continues to focus on optimizing people, processes and tools. Within the target constraints of the agency's dollars, the department leverages existing technologies, such as server and storage virtualization, to provide the agency with more efficient capabilities. There is a continued focus on dedicating the right staff through a more deliberate set of processes that will translate into immediate and sustainable improvements to the technology used to run the agency.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Service Impact
0.5	$44,000	Conversion of limited duration records analyst position for Planning and Development records management into a regular position in recognition of ongoing work associated with urban growth boundary and land reserve decisions.
2.0	$207,150	Transfer of two positions from MERC to Information Services as part of the continuing consolidation of business services. Positions will become generalized with a proportionate share paid by MERC through the cost allocation system.
2.50	**$251,150**	**TOTAL**

PERFORMANCE MEASURES

Percent of Metro clients who rate the services of the helpdesk as satisfactory or better.*

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
84%	**87%**	89%	*90%*	*92%*	*92%*	*92%*

*measured by annual customer survey

Percent of Metro clients who rate Records Information Management services as satisfactory or better.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
69%	**72%**	75%	*78%*	*80%*	*82%*	*82%*

Percent uptime of HR Finance and timekeeping software.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
99%	**99.5%**	99.5%	*99.5%*	*99.5%*	*99.5%*	*99.5%*

Percent uptime of network, internet and email availability.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
99.65%	**99.7%**	99.7%	*99.7%*	*99.7%*	*99.7%*	*99.7%*

Percent cost reduction of record storage costs due to timely destruction of records and promotion of e-filing through TRIM.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
41%	**30%**	30%	*30%*	*30%*	*30%*	*30%*

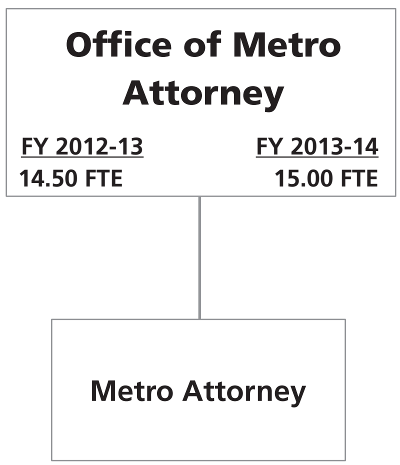
PROGRESS ON 2012-13 KEY OBJECTIVES

- The foundation of a centralized data center was laid with the opening of a new facility within the Oregon Convention Center. This enhanced environment now houses our core storage and server computing power.
- Several security reviews by staff and external experts are in progress and will result in additional enhancements to the Agency technology security defenses. The resulting findings continue to drive a multi-year effort for improved security.
- Response to the rapidly changing IT consumer devices continues to be studied on how best to manage and leverage the technology. Several pilot programs were introduced in a controlled environment throughout the year.
- Installed a new enterprise standard storage system in the new data center.
- The consolidation of email systems has been postponed for the updated Exchange 2013 platform and the completion of the new data center cooling system.

- An agency wide effort from all departments helped shape the survey component of a disaster recovery study, resulting in an initial identification of critical systems.
- Developed a recommendation for coordinating and consolidating various financial software systems. An advisory committee will decide what is most appropriate and timely to implement to create a more unified environment.
- Implemented the IS Project Prioritization Committee, comprised of senior staff throughout Metro and associated IS Project Management Office to provide standard intake, tracking and closeout of projects.

KEY OBJECTIVES FOR FY 2013-14

- Continued collapsing of dispersed technology systems, such as servers and storage, into unified standards at centralized data center.
- Implement an across the agency five-year strategy for desktop foundation and productivity tools.
- Implement enhanced information security policies, tools and procedures.
- Solidify a formulized technology project authorization process and a coordinated project implementation methodology.
- Complete the disaster preparedness plan.
- Launch enterprise resource planning system effort yielding increased efficiency through system integration and improved reporting.
- Deliver agency wide web project for new web presence.
- Pilot cloud storage and delivery of web page content.
- Continue standardization of database technology for enterprise applications.


Office of Metro Attorney
FY 2012-13
14.50 FTE
FY 2013-14
15.00 FTE
Metro Attorney

Summary of the Office of Metro Attorney

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$1,794,610	$1,837,682	$1,861,972	$1,848,005	$1,994,280	$1,994,280	$1,994,280	7.92%
Materials and Services	44,909	63,758	65,200	65,200	67,200	67,200	67,200	3.07%
Capital Outlay	0	7,768	0	0	0	0	0	0.00%
TOTAL	**$1,839,519**	**$1,909,208**	**$1,927,172**	**$1,913,205**	**$2,061,480**	**$2,061,480**	**$2,061,480**	**7.75%**
BUDGET BY FUND								
General Fund	$1,839,519	$1,901,399	$1,927,172	$1,913,205	$2,061,480	$2,061,480	$2,061,480	7.75%
Open Spaces Fund	0	7,809	0	0	0	0	0	0.00%
TOTAL	**$1,839,519**	**$1,909,208**	**$1,927,172**	**$1,913,205**	**$2,061,480**	**$2,061,480**	**$2,061,480**	**7.75%**
FULL-TIME EQUIVALENTS (FTE)	15.50	15.12	14.50	14.50	15.00	15.00	15.00	3.45%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								0.50

Office of Metro Attorney

The Office of Metro Attorney (OMA), created in the Metro Code pursuant to the Metro Charter, has full charge and control of all legal business for the agency. The Office of Metro Attorney provides legal representation to Metro, both formally and informally, in a manner consistent with Metro's goals and policies, and that fully complies with the highest professional and ethical standards of the Oregon State Bar, the Oregon Supreme Court and the legal profession.

MAJOR PROGRAMS

Office of Metro Attorney – OMA provides legal services to the entire Metro organization, including all departments, commissions, department directors, agency staff, the Chief Operating Officer, the Council and the Auditor. The work of OMA includes providing written opinions, negotiating and drafting contracts and intergovernmental agreements, drafting, negotiating and closing real estate transactions, drafting and reviewing ordinances and resolutions, offering assistance on legislative matters, providing advice regarding the agency's legal compliance requirements, and providing other legal advice to Metro officers and employees. The Metro Attorney may initiate, defend or appeal litigation on behalf of Metro when requested by the Metro Council, Chief Operating Officer or the Metro Auditor. The Office of Metro Attorney staff includes the agency's lead attorney (the Metro Attorney); eight full-time equivalent (FTE) attorneys; two paralegals; and four legal secretaries/administrative assistants.

BUDGET ENVIRONMENT

OMA's budget for 2013-14 includes the addition of a 0.5 FTE attorney position, in support of the Parks and Natural Areas Levy.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Service Impact
0.5	$73,400	Add 0.5 FTE in support of the Parks and Natural Areas Local Option Levy program.
0.5	**$73,400**	**TOTAL**

PERFORMANCE MEASURES

Legal services, both internal and external as a percent of the overall budget.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
0.90%	**0.90%**	0.90%	*0.90%*	*0.90%*	*0.90%*	*0.90%*

PROGRESS ON FY 2012-13 KEY OBJECTIVES

The office has achieved the following significant results:

- Provided legal advice and services in support of land use, transportation, and solid waste planning projects, such as the Urban Growth Boundary expansion; establishing Urban and Rural Reserves, passing a Land Use Final Order (LUFO) for the Columbia River Crossing Bridge Replacement Project; the SW Corridor plan and East Metro connection, Transportation Oriented Development, the Solid Waste Roadmap and Making a Great Place; executed intergovernmental agreements with local jurisdictions for Community Planning and Development Grants from CET funds; obtained 10-year Conditional Use Master Plan approval allowing for construction supporting the Oregon Zoo bond measure; drafted proposed Parks and Natural Areas Levy Ballot Title and Explanatory Statement for 2013 ballot and provided other legal advice and services in support of the 2013 Metro Parks and Natural Areas operating levy; defended the Land Conservation and Development Commission (LCDC) decision on Metro's Urban and Rural Reserves in the Oregon Court of Appeals; defended Metro in Federal District Court against Constitutional Claims arising from the 2012 LCDC decision on Metro's Urban and Rural Reserves.

- Provided legal advice and services in support of Metro's parks and natural areas, including assistance with the purchase of approximately 750 acres using Natural Areas Bond Measure funds; provided legal advice and support to Metro's procurement of a new Glendoveer Golf Course operator and negotiating the terms of a new five-year operations agreement, and supporting the Climate Change Initiative.
- Provided legal services to assist the Metropolitan Exposition Recreation Commission (MERC) and the MERC venues to pursue successful contracts; analyzed legal risk for defense of tort claims that led to reduced liability, successfully defended MERC venues in potential legal claims, provided substantial labor and employment advice for the MERC venues that prevented litigation against Metro or MERC, provided legal services to assist the procurement of a convention center hotel developer through RFP, and subsequent predevelopment negotiations, as well as providing legal services to Metro's other venues including the Oregon Zoo's implementation of the zoo bond measure.

KEY OBJECTIVES FOR FY 2013-14

- In support of Metro's goals of safe and reliable transportation and vibrant communities, advise Metro on land use and transportation matters, including further defense of Metro and LCDC's decision on Metro's the Urban and Rural Reserves, defending Metro Council expansion of the Urban Growth Boundary in the Oregon Court of Appeals; provide legal advice and assistance in support of the upcoming urban reserve report/capacity analysis in preparation for the 2014 UGB expansion analysis; assist Metro in pursuing local compliance with Metro planning requirements and support Metro's pursuit of federal transportation funding.
- In support of Metro's goals of clean air and water and sustainability, advise Metro regarding solid waste planning matters (for example the Solid Waste Roadmap), assist with the Metro Parks portfolio, including park improvements, expansions, and funding; support Metro's efforts to develop and implement a land use and transportation scenario to reduce greenhouse gas emissions, draft and negotiate complex transactions for the Natural Areas bond measure, and provide legal advice, contract drafting and transactional support to Metro parks in support of the Parks and Natural Areas Local Option Levy.
- In support of Metro's goals of economic prosperity and equity, advise Metro regarding the Community Investment Initiative and regional infrastructure funding, as well as provide legal advice and support for the next phase of the Construction Excise Tax Community Planning and Development grant process; assist with the enhanced marketing initiative for the OCC and MERC, provide legal advice and support to the zoo's procurement of construction services necessary to implement of the 2008 Oregon Zoo bond measure and Zoo Master Plan; support ongoing predevelopment negotiations leading to the construction of the proposed OCC Headquarters Hotel as well as negotiate and draft a development agreement between Metro/MERC, other public entities and the hotel developer. Assist Human Resources with policy and administrative goals. Provide legal advice and risk analysis to Human Resources and Senior Leadership regarding labor and employment issues. Provide legal advice and risk analysis regarding potential tort claims. Provide legal advice for Title VI compliance for Metro for continued federal funding for transportation planning and equity work. Provide leadership on Diversity Action Council.

General expense summary

Summary of General Expense

	Audited FY 2010-11	Audited FY 2011-12	Adopted FY 2012-13	Amended FY 2012-13	Proposed FY 2013-14	Approved FY 2013-14	Adopted FY 2013-14	% Change from Amended FY 2012-13
BUDGET BY CLASSIFICATION								
Personnel Services	$0	$0	$79,800	$79,800	$118,205	$118,205	$118,205	48.13%
Materials and Services	11,989,720	3,598,193	7,238,838	7,528,838	7,921,211	7,921,211	8,695,011	15.49%
Capital Outlay	56,125	121,037	348,825	408,825	104,000	104,000	104,000	(74.56%)
Debt Service	40,356,277	63,347,987	53,178,771	53,178,771	39,363,187	39,363,187	39,363,187	(25.98%)
Interfund Reimbursements	8,396,573	9,167,136	10,118,777	10,118,777	9,885,541	9,885,541	9,885,541	(2.30%)
Internal Service Charges	2,887,871	2,820,489	4,143,190	4,143,190	5,000,442	5,000,442	5,000,442	20.69%
Interfund Loan	0	0	2,431,000	2,431,000	239,800	239,800	2,670,800	9.86%
Fund Equity Transfers	10,708,854	9,948,218	6,522,471	6,645,571	5,622,413	5,622,413	6,072,413	(8.62%)
TOTAL	**$74,395,420**	**$89,003,060**	**$84,061,672**	**$84,534,772**	**$68,254,799**	**$68,254,799**	**$71,909,599**	**(14.93%)**
BUDGET BY FUND								
General Fund	$7,091,393	$8,509,065	$14,272,002	$14,455,102	$10,992,945	$10,992,945	$14,216,745	(1.65%)
General Asset Management Fund	56,125	240,855	149,681	409,681	0	0	200,000	(51.18%)
General Obligation Bond Debt Service Fund	37,321,860	60,330,930	50,024,896	50,024,896	36,347,675	36,347,675	36,347,675	(27.34%)
General Revenue Bond Fund	1,504,945	1,717,207	1,499,585	1,499,585	1,295,441	1,295,441	1,295,441	(13.61%)
MERC Fund	3,787,561	6,137,175	4,806,913	4,806,913	4,900,804	4,900,804	5,131,804	6.76%
Natural Areas Fund	1,455,269	1,517,109	1,783,226	1,783,226	1,885,809	1,885,809	1,885,809	5.75%
Parks and Natural Areas Local Option Levy Fund	0	0	0	0	1,679,953	1,679,953	1,679,953	n/a
Oregon Zoo Infrastructure & Animal Welfare Fund	267,896	297,978	292,677	292,677	242,153	242,153	242,153	(17.26%)
Rehabilitation & Enhancement Fund	32,962	33,287	33,465	33,465	114,602	114,602	114,602	242.45%
Risk Management Fund	15,991,353	2,402,804	2,936,483	2,936,483	2,918,912	2,918,912	2,918,912	(0.60%)
Smith & Bybee Lakes Fund	88,852	96,287	104,841	104,841	110,102	110,102	110,102	5.02%
Solid Waste Revenue Fund	6,797,204	7,720,363	8,157,903	8,187,903	7,766,403	7,766,403	7,766,403	(5.15%)
TOTAL	**$74,395,420**	**$89,003,060**	**$84,061,672**	**$84,534,772**	**$68,254,799**	**$68,254,799**	**$71,909,599**	**(14.93%)**
FULL-TIME EQUIVALENTS (FTE)	0.00	0.00	1.00	1.00	1.00	1.00	1.00	0.00%
FTE CHANGE FROM FY 2012-13 AMENDED BUDGET								0.00

General expense summary

The expenditures listed in the General Expense summary are primarily non-operating expenses such as general obligation debt service and interfund transfers. Expenditures include items such as special appropriations that cannot be easily tied to a single program, center or service. General Expense also includes costs such as election expenses that do not occur every year.

In FY 2013-14 the General Expense budget includes the second year of the conversion of the Metro website to the Drupal platform. Budgeted web improvement project costs in year two are $358,130, with the total two-year budget remaining at $592,000, including contingency. The project continues to be co-managed by Information Services and Communications.

PERFORMANCE MEASURES

Complies fully with Governmental Accounting Standards Board standards; achieves unqualified audit opinion.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
YES	**YES**	YES	*YES*	*YES*	*YES*	*YES*

Maintains agency's underlying AAA/Aaa Bond Rating.

10/11	**11/12**	12/13	*13/14*	*14/15*	*15/16*	*16/17*
YES	**YES**	YES	*YES*	*YES*	*YES*	*YES*

Highlights of the FY 2013-14 General Expense budget are:

- Debt service on general obligation bonds totaling $36.3 million.
- Debt service on pension obligation bonds of $1.7 million.
- Debt service on full faith and credit bonds for Metro Regional Center of $1.3 million.
- Interfund loan payment of $239,800 from the MERC Fund to the General Fund, for year two of the OCC Streetcar assessment loan.
- Interfund reimbursements of $9.8 million for agency-wide central service functions such as accounting, legal services, communications, risk management and Metro Regional Center management.
- Transfer of $1.7 million from the General Fund to the General Revenue Bond Fund to fund debt service payments on the Metro Regional Center and Washington Park Parking Lot bonds.
- Transfer of $1.8 million from the General Fund to the General Asset Management Fund to support renewal and replacement needs of the General Fund centers and services.
- Transfer of $1.4 million from the Solid Waste Fund to the General Fund to support solid waste education staff now in the consolidated education program in the zoo budget.
- Transfer of $1.2 million from the MERC Fund to the General Revenue Bond Fund for debt service on outstanding bonds.
- Transfer of $988,000 from the Solid Waste Revenue Fund to the General Fund for budget, finance and administrative support provided by Parks and Environmental Services and the Sustainability Center.
- Transfer of $418,600 from the General Fund to MERC to support projects at the Oregon Convention Center designed to increase the competitiveness of the facility.
- Transfers of $494,000 for services provided by the Data Resource Center to other Metro centers and services.

- Transfer of $315,500 from the Natural Areas Fund to the General Fund for budget, finance and administrative support provided by Parks and Environmental Services and the Sustainability Center.
- Transfer of $301,000 from the Risk Fund to the General Fund for risk personnel budgeted in the General Fund.
- Transfer of $186,000 from the General Fund to the Solid Waste Revenue Fund to support the agency-wide Sustainability program.
- Payments of approximately $1.3 million for claims from Metro's Risk Management unemployment, liability, property and workers' compensation programs.
- Payments of approximately $818,000 in purchased insurance for Metro's Risk Management liability, property and workers' compensation programs.

General Fund special appropriations: $4.4 million

- $3.5 million for Construction Excise Tax grants to local governments for concept planning.
- $200,000 in Nature in Neighborhoods community grants.
- $178,000 for the TriMet passport program, Metro's primary employee commute option strategy.
- $130,725 for Metro's required outside financial audit.
- $125,000 for election expenses.
- $36,000 for general agency dues for Regional Water Providers Consortium and Lloyd Business Improvement District.
- $20,900 for general Metro sponsorship account.
- The following designated contributions are also included:
  - $60,000 for the Greater Portland Pulse Consortium.
  - $50,000 to The Intertwine Alliance.
  - $25,000 to the Regional Arts and Culture Council.
  - $25,000 to the Metropolitan Export Initiative.
  - $25,000 for Greater Portland, Inc.
  - $15,000 for First Stop Portland.
  - $10,000 for Rail~Volution.
  - $1,500 to the One Willamette River Coalition.