

BEFORE THE METRO COUNCIL

TRANSFERRING \$1,500,000 FROM THE) RESOLUTION NO. 05-3595
BALANCE OF THE FY 2004-05 RECOVERY)
RATE STABILIZATION RESERVE TO A) Introduced by Rex Burkholder
GENERAL FUND RESERVE)
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)

WHEREAS, the Metro Council has reviewed and considered the need to transfer reserves from the Recovery Rates Stabilization Reserve to a general reserve; and

WHEREAS, the need for the transfer of reserves has been justified; and

WHEREAS, adequate funds exist for other identified needs; and

WHEREAS, the balance of the Recovery Rate Stabilization Reserve in the General Fund is expected to reach \$1.5 million at the end of FY 2004-05, and such reserve funds have not been designated for any alternative use; now therefore

BE IT RESOLVED that the Metro Council:

Hereby transfers \$1,500,000 from the Recovery Rate Stabilization Reserve to a General Fund Reserve; and

ADOPTED by the Metro Council this ____ day of _____, 2005.

WITHDRAWN

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 05-3595, TRANSFERRING \$1,500,000 FROM THE BALANCE OF THE FY 2004-05 RECOVERY RATE STABILIZATION RESERVE TO A GENERAL FUND RESERVE

Date: May 25, 2005

Prepared by: Rex Burkholder

BACKGROUND

Recovery Rate Stabilization Reserve:

It is expected there will be an additional one million one hundred thousand dollars contributed to the Recovery Rate Stabilization Reserve in FY 2004-05. This contribution is mandated by Metro Code Section 7.01.028. Section 7.01.028(a) on Budgeting of Excess Revenue states:

(a) Such excess net excise tax revenue shall first be placed in a Recovery Rate Stabilization Reserve established in the Metro General fund. The amount of excess net excise tax revenues in such account shall not exceed an amount equal to 10 percent of the total amount of excise tax collected under Metro Code Section 7.01.020(c) during the period of the two (2) most recent Metro fiscal years. The budgeting or expenditure of all such funds within this account shall be subject to review and approval by the Metro Council.

The current account balance is \$443,712. As of March 31 the FY 2004-05 contribution is projected to be \$1,106,678 and would bring the balance to \$1,546,934.

The Metro Code provides that, if the maximum permitted balance in the Recovery Rate Stabilization Reserve is reached, additional excess funds are to provide additional solid waste recovery tax credits. The Solid Waste Department is currently fully funding solid waste tax credit program in both the current fiscal year and in Fiscal Year 2005-06.

This resolution will transfer \$1,500,000 from the Recovery Rate Stabilization Reserve account to a general reserve account in the General Fund. By Councilor amendment to the FY 2005-06 Budget, those funds will be moved to the General Fund Contingency. During Fiscal Year 2005-06, Council, after careful consideration, will decide the best use for these funds.

ANALYSIS/INFORMATION

- 1. Known Opposition:** None known
- 2. Legal Antecedents:** Section 7.01.028(a) allows the Metro Council to budget these funds as it determines appropriate.
- 3. Anticipated Effects:** This resolution transfers \$1,500,000 from the Recovery Rate Stabilization Reserve to a General Fund undesignated reserve.

Budget Impacts: A substantive Budget Amendment to the FY 2005-06 will move these funds from this reserve to General Fund Contingency. This action is based on a projection of excise tax receipts to be received by the end of the fiscal year. If this action is taken, the balance in the Recovery Rate Stabilization Reserve would be approximately \$47,000, greatly diminishing the agency's ability to recover lost revenues from this reserve in the event of a reduction in the solid waste tonnage forecast.

4.

RECOMMENDED ACTION

Councilor Burkholder recommends adoption of Resolution No. 05-3585