Metro | *Making a great place*

Adopted Budget
Fiscal Year 2014-15

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Metro

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Metro

Metro's adopted budget for FY 2014-15 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 resolution, schedule of appropriations, a budget note, 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, as well as the financial and capital asset management policies.

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 2014-15 through 2018-19 is included in the FY 2014-15 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 charter of limitations on expenditures, the cost allocation for federal grant purposes, budget transfers, excise taxes, GASB 54 fund balance designation, General Fund Reserves detail, limited duration positions, four-year FTE history and personnel changes detail. The glossary, annual contracts list and detailed chart of accounts are located in this section.

Chief Operating Officer's Budget Message

April 24, 2014

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

I am pleased to present Metro's FY 2014-15 proposed budget. My goal in proposing this budget is to ensure that Metro provides excellent services to the people and communities of the Portland metropolitan region and implements our mission to inspire, teach, engage and invite people to enhance the quality of life and environment for the region's current and future generations.

The proposed budget reflects two major themes. First, we are beginning to see the impact of economic recovery both in Metro's revenues and expenditures. Although it will likely continue to be slow, many of Metro's major revenue sources — from solid waste fees to excise taxes to user fees and property taxes — began to rise again as the economy has recovered. Similarly, some of our expenditures — such as the fees for disposing the region's solid waste — are growing faster than in the past four fiscal years.

Second, although the economy is recovering, maintaining Metro's services remains a challenge. The proposed budget does not increase any significant new program areas because although the recovery has begun, it will be slow, and other financial issues will confront us in future fiscal years. Several of the issues identified during the FY 2013-14 budget remain: uncertain federal transportation dollars, strategic operational issues, likely increases in PERS rates resuming in 2015, and other expenditure increases outpacing revenue growth. As such, the proposed budget recommends that we continue to be prudent and strategic in response to this recovery. Metro's strong financial policies and practices have created operational stability; the proposed budget is consistent with those policies and practices. We adhere to some common-sense operational practices such as maintaining our assets, using one-time funds for one-time purposes and ensuring our enterprise activities manage to the bottom line.

Decisions made during the past five fiscal years to carefully manage Metro's size, to be focused on core services, to ask the region's voters for resources in the May 2013 Parks and Natural Areas Local Option Levy, and to address, in partnership with our labor organizations, the growth in salary and benefit costs, have enabled us to maintain vital regional services, exceptional customer services and a collaborative environment even in the midst of the Great Recession.

Our financial discipline has allowed us to avoid disruptive cutbacks to major programs and activities, even though we reduced the size and scope of many of our activities. Although the financial picture is encouraging, this proposed budget maintains our focus on careful choices because recovery will be slow. This proposed budget contains neither major program reductions nor major new activities and programs. Instead, the proposed budget maintains our focus on excellent services that residents can count on over time.

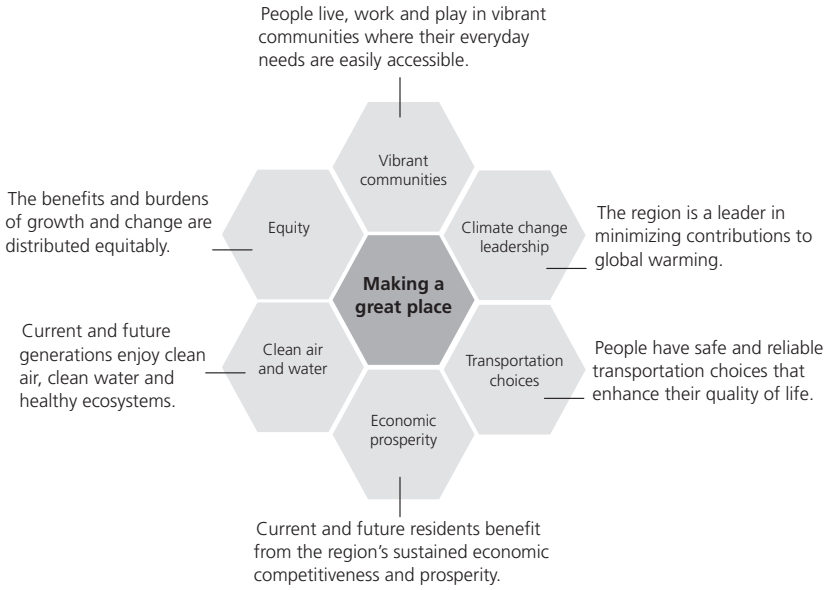
Metro is well positioned to continue our work to build vibrant communities, protect and enhance the natural environment, support a prosperous economy, and build opportunity for all of the region's residents.

How the budget proposal was developed

In November 2013 the Metro Council met to provide direction about the Council's strategic priorities for the next three to five years and the key Council initiatives that would focus their efforts through FY 2014-15. Following this Council discussion, as Budget Officer, I instructed programs to prepare initial budget requests that

emphasized these goals and initiatives and maintained the existing portfolio of Metro's programs and activities, with a modest increase of 2 percent allocated to departments to cover inflation in their materials and services costs.

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 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

The strategic issues in this budget are driven by the strategic goals and key initiatives identified by the Metro Council to guide the agency and region towards the six desired regional outcomes. The proposed budget is an important spending plan to implement those goals and initiatives.

Strategic Goal #1. Invest in public infrastructure throughout the region

Metro has long identified increasing the region's ability to invest in critical infrastructure as a key strategic goal. The proposed budget includes further work by Metro in this area, evolving the recommendations of the Community Investment Initiative (CII) into the Regional Infrastructure Supporting our Economy (RISE). RISE will build on the work of CII and on policy projects such as the Industrial Lands Inventory and the Regional Brownfields Scoping Study and on major projects like our collaboration with the City of Oregon City, Clackamas County and the State of Oregon on redevelopment of the Willamette Falls/Blue Heron site. RISE staff will also develop a work plan that allows Metro to better integrate the various investments already made through programs at the agency to leverage our work. The proposed budget includes funding for RISE to invest in major projects if needed to accomplish Metro's goals.

The proposed budget also includes staffing for Metro's efforts to participate in development of a transportation funding and policy package for consideration by the Oregon Legislature in its 2015 session and for staff and memberships to support Metro's work on federal transportation reauthorization.

Strategic Goal #2. Set the stage for the future of the region with innovative planning

The proposed budget invests in planning for the challenges and opportunities that confront our region and supports on the ground implementation of projects that make those plans real. FY 2014-15 is an important year for Metro in our work to manage economic and population growth. The proposed budget funds staffing in several departments – Planning and Development, Research Center, Office of the Metro Attorney and Communications – to assist the region and the Council in completing the Urban Growth Report by December 2014 and beginning discussions about whether to expand the Urban Growth Boundary in 2015.

Adoption of the 2014 Regional Transportation Plan, the Active Transportation Plan and the Climate Smart Communities Scenarios will conclude in FY 2014-15, and the projects will shift to implementation. For both efforts, accomplishing Metro's goals for equity, safe and reliable transportation, clean air, climate change and vibrant communities require additional investments in all modes of transportation and in other infrastructure. Similarly, the corridor planning work included in the proposed budget illustrates the 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.

In addition to these projects within Planning and Development, this proposed budget continues to invest in innovative planning for the region's solid waste system through the Solid Waste Roadmap. Increasing competition, changing technology and site specific constraints at Metro's transfer stations also 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.

Strategic Goal #3 Make investments to preserve and enhance the natural environment

In May 2013 voters of the region approved a 9.6 cents per thousand local option levy to invest in projects and programs to protect our region's water quality and help restore native fish and wildlife habitat. In FY 2013-14 Metro began the work to implement the levy, and the FY 2014-15 proposed budget includes further work to accomplish the promises to the voters to:

- 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.
- Replace aging restrooms, picnic shelters and playgrounds in Metro's parks.
- Provide nature education programs to school-aged children and visitors.
- Support community partnership projects.

In FY 2014-15 Metro will continue work on the Parks and Natural Areas System Plan for the region. The proposed budget includes additional staffing and materials and services for this project, which will define a vision, strategy and action plan for protecting and enhancing all of the region's natural areas and will be the basis for a discussion of the long-term funding plan for natural areas prior to the expiration of the local option levy.

Strategic Goal #4 Invest in efforts to increase high wage jobs

In addition to the work on RISE, the proposed budget includes projects that address this key strategic goal through our Visitor Venues. 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 almost 25 years old, and has ongoing capital needs as a result. The Portland Expo Center (Expo) is working on a business plan that will ensure we have an up-to-date assessment of the market for the facility, develop options for operations and identify the range of options to address the major capital needs of the facility. In the short term, Expo is particularly hard hit by changes in the City of Portland's stormwater utility rates and issues related to the Columbia River Levee system. Portland'5 Centers for the Arts (Portland'5) 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.

In addition to these efforts, the proposed budget contains continued participation for Metro in Greater Portland, Inc., the Metropolitan Export Initiative and four key regional business associations.

Strategic Goal #5. Ensure that regional efforts respond to the increasing diversity of the region's residents

The proposed budget includes funding to continue Metro's development of a strategy for advancing equity throughout the region. Metro will complete several steps in this important project, including adoption of an equity baseline, which will illustrate how different communities are faring in Metro's work to build vibrant communities, provide safe and reliable transportation, and protect our air and water. The project will also map the relationship between Metro's programs and activities and these outcomes. This work will set the stage for the third year's work – developing an action plan for the agency.

The proposed budget continues Metro's work to implement the Council-adopted Diversity Action Plan. Building on the success of the last two fiscal years, the budget provides funding for action steps in four core areas: internal awareness, recruitment

and retention, procurement and community engagement. The budget also supports refinement of a plan to address barriers to access to Metro facilities and services in the upcoming year.

By no means least in this area, the proposed budget includes support for outreach work to diverse communities. The budget converts a staff person previously funded as a limited duration project position to regular status, recognizing that Metro's responsibilities to reach out to an increasingly diverse population are only going to grow over time.

Strategic Goal #6. Increase citizen engagement and involvement throughout the region and with Metro

The proposed budget invests in improving Metro's relationships with a diverse range of community leaders and organizations. All of Metro's major projects and initiatives include staffing and funding for engaging stakeholders and residents in the decision's Metro makes, whether the project is specific such as improving access to a Killin Wetlands or a large policy project like the Powell-Division Corridor Plan.

The majority of Metro's programs depend on a strong relationship from citizens. Metro's ability to effectively tell the story of our work – whether it is animal welfare, the benefits of wasting less, the ways we can protect our water quality or why development connected to transit also protects farms and forests – is critical to our agency's success. The proposed budget includes investments in making the most of our new website, improving our ability to use and respond to social media, integration of marketing efforts from the zoo, the visitor venues, MetroPaint, parks, and other Metro efforts, and working more effectively with our Public Engagement Review Committee.

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 RISE, three signature initiatives of the agency, as well as the continuation of a limited duration policy advisor to assist OCC in its enhanced marketing project.

The Metro Council is leading the agency's economic development actions through the FY 2014-15 proposed budget. The proposal maintains special appropriations for membership in Greater Portland, the Portland-Vancouver regional economic development partnership collaboratively 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 project to create and retain the jobs to double exports in the next five years. Construction excise tax funds Community Planning and Development grants, and the budget includes development opportunity resources for brownfields and the next phases of the industrial lands inventory.

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, as well as permanent FTE increases for both the Equity and RISE programs.

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 2014-15.

Parks and Environmental Services

Parks and Environmental Services (PES) operates Metro's parks facilities, including pioneer cemeteries, the Metro Regional Center building and solid waste facilities.

One General Fund capital project met the criteria for allocation of one-time funds: MRC fire sprinkler replacement on the building's first floor and garages.

This budget reflects the second year of implementation of the Parks and Natural Areas Local Option Levy, with continued investments in facility upgrades and staffing enhancements to fulfill promises made to voters.

This budget also reflects the second year of operations of the Glendoveer Golf Course management contract. This budget reflects continued investment in the operations of the course, including new equipment purchases.

PES also operates Metro's two public transfer stations. The FY 2014-15 budget shows an increase in the professional services line item to update the facility plan for Metro Central Transfer Station, focusing on capital projects to improve efficiencies. The majority of the additional increase in the materials and services budget is to meet contract needs for solid waste transfer, transport and disposal services.

Lastly, the budget reflects a 1.0 FTE increase for a Disaster Debris Planner to meet the need to lead the region's disaster debris management efforts.

Planning and Development

Planning and Development includes two organized program: Community Development (which includes Transportation System Planning) and Project Development (which includes Corridor Planning and Development). The organization reflects the Council's strategic goal that Metro 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 changes for Planning and Development. Overall revenues are increasing by approximately $2.3 million. However, it should be noted that Federal funding is dependent on reauthorization in fall 2014.

In order to better meet the Council's long-term objectives, the budget also includes some FTE increases. It adds a Senior Regional Planner position for the Strategic Sights Program. It also adds an Assistant Engineer position for Corridor Planning Projects. The budget also increases a Senior Management Analyst position in Regional Transportation Planning to full time. Consistent with the Council's direction, General Fund resources have been prioritized to maintain the Development Center, formerly the Development Opportunity Fund, at $200,000. This resource complements Transit Oriented Development (TOD) funding and fills in projects not eligible for TOD funds. 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 the region. The department coordinates data and research with local government partners, academic institutions and the private sector.

The Research Center has two major programs: Data Resource Center and Modeling Services. The Data Resource Center is the steward of Metro's regional information assets, while Modeling Services provide Transportation and Land Use modeling services.

The FY 2014-15 budget includes the addition of a GIS position for ongoing enhancement of economic and demographic data collections, as well as restoring an Associate Researcher and Modeler position to full time.

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.

This budget includes the second year of levy funding to implement program enhancements as promised to the regions voters. In order to fulfill those promises, the Parks and Natural Areas Local Option Levy is funding several FTE additions including, a 1.0 Land Management Program Supervisor, .8 FTE Associate Management Analyst, 1.0 FTE Natural Resources Enhancement Specialist and an 1.0 Associate Regional Planner.

The Sustainability Center's Resource Conservation and Recycling program shows an increase of 2.0 FTE, representing a transfer of FTE from the Oregon Zoo Conservation program to the Resource Conservation and Recycling program. There are no financial implications as the increase in Resource Conservation and Recycling are offset by reductions at the Oregon Zoo.

Visitor Venues

Visitor Venues include OCC, Portland'5, Expo (MERC venues) and the Oregon Zoo. The Metropolitan Exposition Recreation Commission (MERC) 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 29 percent of the annual revenues and 46 percent of the agency's payroll.

OCC is forecasting a record number of events and conventions for FY 2014-15. Expo is projecting increases in per capita spending as patrons have become more aware of West Delta Bar and Grill and consistent locations for the point of sale systems. Portland'5 is scheduled to host 9.5 weeks of Broadway. The Oregon Zoo continues its outstanding attendance and has seen a slow return of per capita spending to pre-recession levels.

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 20 percent of its operations. Portland'5 receives a smaller share of transient lodging tax as well as support from the City of Portland, owner of the facilities. Tax collections have maintained their current strength over the last two years and continue moving upward.

OCC continues its repayment of its streetcar assessment from the City of Portland. This loan is due to the General Fund, payable over 10 years. OCC will also receive $641,000 in support from the General Fund, via the Metro Tourism Opportunity Competitiveness Account (MTOCA) request of $320,000 and an additional $321,000 from the General Fund to fund OCC Hotel Project work.

The FY 2014-15 budget also adds a 1.0 Audio Visual Sales Coordinator position to help augment that successful line of business.

Portland'5 is increasing two positions to full time and adding an additional half time position. The increases are moving a marketing and promotions coordinator to full time and an increase in administrative support. The new 0.5 FTE position is to manage and sell ticket retargeting campaigns.

FY 2014-15 represents the first year that **Expo** will receive MTOCA funds from the General Fund. The $280,000 will fund additional marketing and operational improvement projects. Expo will also be increasing FTE to make two positions full time. 0.5 FTE will be added both to a current Operating Engineer position to better support facilities and an Administrative Assistant to better support managers.

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 FY 2014-15 budget is based on attendance of 1.58 million. This is down from the prior two years due to construction at the zoo related to the projects of Oregon Zoo Infrastructure and Animal Welfare Bond. We expect the zoo train to be fully operational in time for FY 2014-15 ZooLights.

The budget proposes to continue the zoo's progress in converting temporary staff into regular status positions. This includes three new Guest Services Lead positions, 0.5 Program Assistant II in the Volunteer program and a 0.5 Technical Specialist in the Conservation Research program. The budget also reflects an $830,000 reduction related to Waste Reduction Education moving to the Sustainability Center. Increases in revenue are a $241,000 increase in commission revenue due to the signing of a new retail contract and $374,000 due to an increase in individual attendance as opposed to memberships.

A loan of $3.2 million from the General Fund is also included to renovate the Steller Cove exhibit and for refurbishing the zoo's train fleet.

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 reflects a change in the funding formula to the cost allocation plan.

There are three FTE changes reflected in the FY 2014-15 budget. A Senior Public Affairs Specialist is moved from the Sustainability Center to Communications. Two Associate Public Affairs Specialist are moved to Communications, one from Council Office, also converted from limited duration to regular status, and one from Special Projects.

Finance and Regulatory Services

In addition to its portfolio of financial services, risk management and procurement, FRS is responsible for solid waste regulation, rate setting and financial analysis and modeling for solid waste operations. The proposed budget includes the addition of a 1.0 FTE Associate Management Analyst for added program support in Solid Waste Compliance, Policy and Clean up.

The budget supports continued implementation of the Enterprise Resource Planning roadmap project.

Human Resources

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

The budget converts a limited duration Program Analyst III position to regular status in Classification and Compensation. It also converts a temporary employee responsible for recruitment to regular status. Additional funds are also provided to assist in a review of Diversity related recruitment strategies.

Information Services

Information Services supports Metro's goals and business processes through the development, implementation, support and management of its information systems.

The proposed budget includes resources to investigate web hosting, increase Wide Area Network Bandwidth and PeopleSoft Financials support.

Office of Metro Attorney

The Office of Metro Attorney (OMA) provides legal services for the Metro Council, the Metro Auditor, the Chief Operating Officer, all Metro's operating units and commissions. OMA 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. There are no service level changes for FY 2014-15.

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 2014-15 the proposed rate will decrease by 53 cents per ton; excise tax on other Metro facilities and services remains at 7.5 percent. Discretionary excise tax is expected to generate $17 million, an increase over the current year. Construction excise tax has

continued its recovery over the three prior fiscal years. CET is a dedicated tax and is used to support Community Planning and Development grants. The tax expires in September 2014, unless renewed by the Metro Council.

Property taxes are levied for both operations (discretionary) and general obligation debt service (dedicated). The operating levy has a permanent rate of .0966 per thousand, about ten cents, and raises $12 million for discretionary purposes. The Parks and Natural Areas Local Option Levy at .096 per thousand, raises about $10 million a year. The levy for general obligation debt will be $38 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. Combined, the estimated tax rate for an urban Metro resident is 46 cents, or about $93 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. A $500,000 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.

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 2014-15 budget maintains $25,000 for regional economic development membership, $50,000 for Intertwine organizational support, 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 increased to $621,000 and designated for the enhanced marketing/room block project, OCC Plaza review and Expo operations.

New special appropriations for FY 2014-15 include $25,000 for the Regional Disaster Preparedness Organization, subject to final Council approval; a $9,000 appropriation for Transportation for America; and $15,000 for the Multnomah County Drainage District Special Assessment.

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 $215 million CIP spending plan includes 171 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. For FY 2014-15 this includes replacing a portion of the sprinkler system at the MRC and several levy projects. The Oregon Zoo Infrastructure and Animal Welfare Bond will begin the Education Center and begin the final phases of the Elephant Lands project.

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 2014-15 will be $1.6 million. The MERC Fund is currently in a lower spending period but has several expensive projects. An inventory and asset condition project undertaken in FY 2011-12 for all three operating funds may result in the need for increased contributions beginning in FY 2014-15 or the need to advance or delay projects on the current schedule. Significant agency renewal and replacement projects for FY 2014-15 include a $2.85 million roof replacement (Phase 2) at the Oregon Convention Center and $350,000 for storm water improvements to Metro Central.

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 majority of the excise tax is collected on solid waste activities and is calculated as a per-ton tax. Metro assesses an excise tax on construction permits throughout the region to fund land use planning to make land ready for development. Collections are beginning to improve after declining sharply when building activity fell off during the recession. The expenditure limit for FY 2014-15 is $21 million; budgeted expenditures are $20.5 million. The proposed budget does not exceed this limitation.

Conclusion

This proposed budget for FY 2014-15 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

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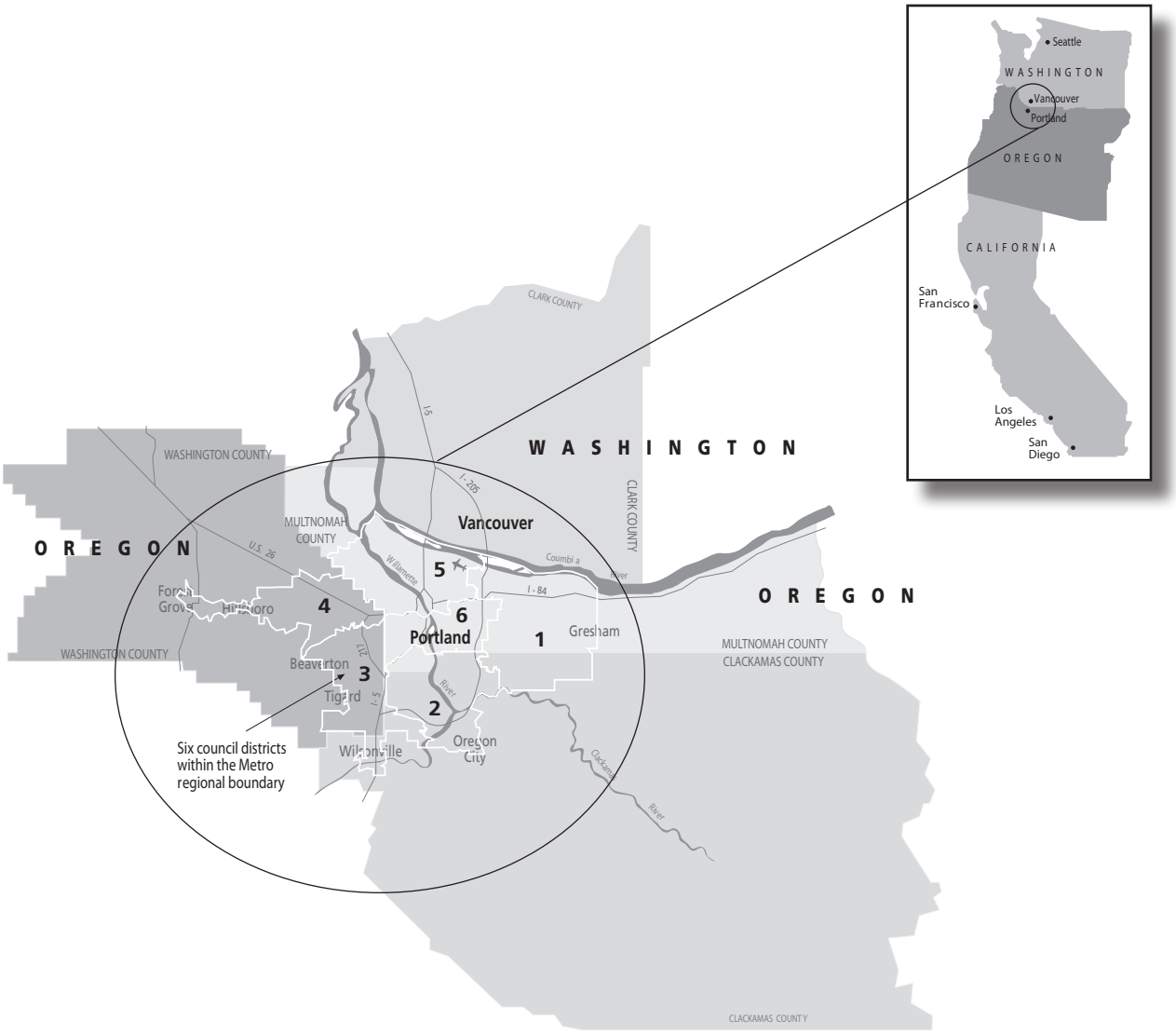
Seattle
WASHINGTON
Vancouver
Portland
OREGON
CALIFORNIA
San Francisco
Los Angeles
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CLARK COUNTY
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WASHINGTON COUNTY
MULTNOMAH COUNTY
OREGON
U.S. 26
I-5
I-205
Vancouver
CLARK COUNTY
Willamette
Columbia
River
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Portland
1
Gresham
4
Forest Grove
Hillsboro
Beaverton
3
Tigard
I-5
2
Wilsonville
Oregon City
Clackamas
River
OREGON
MULTNOMAH COUNTY
CLACKAMAS COUNTY
WASHINGTON 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 environment, the Portland region has advantages found in few other metropolitan areas in the world, advantages that make this a great place to live. Metro leads the region's efforts to nurture the livability that makes this place great.

As a regional government, Metro crosses city limits and county lines to make our communities safe, livable and ready for tomorrow. It protects our region's air, water and natural beauty, and supports neighborhoods, businesses and farms. 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 government in the United States, is governed by a president, elected region-wide, and six councilors elected by district. Its charter, approved by the voters in 1992 and amended in 2000, grants broad powers for issues that matter to all of our region's residents. 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 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 time, 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 bonds 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 and other venues. 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 in 1996.

CHARTER APPROVAL

Metro's 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.

As the region grew, voters were asked whether the regional government should be controlled at the ballot box or by the Legislature. In 1990, the Legislature asked voters to consider a constitutional amendment that would allow a regional government to decide its own future. Voters passed the proposal, and work began on writing the Metro Charter. In 1992, the proposed Charter was approved by the voters.

In 2000, voters in the region amended 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 projects 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. Ongoing Metro initiatives support business development and smart planning to make healthy neighborhoods that are good for our economy and qualify of life. Around our region, tens of thousands of acres of natural areas are protecting the environment for residents to enjoy, while improving the quality of our streams for fish and other native species.

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'5 Centers for the 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 part of the fabric of life in our region. 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 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 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 is reviewing its regional growth plan to study how

much our region will grow in the next 20 years, and where community aspirations can meet those needs. 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.

Tools for living

Our region's residents want to make informed choices about how they shop, do business and keep their homes happy and healthy. Metro helps consumers by providing tools and services to support community design and natural gardening and recycling as ways to improve quality of life and leave a smaller environmental footprint. This is done through partnerships, publications, demonstration projects, and in-school presentations for teachers and students.

Waste Management and Recycling

Metro manages the region's solid waste system, which includes a 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.

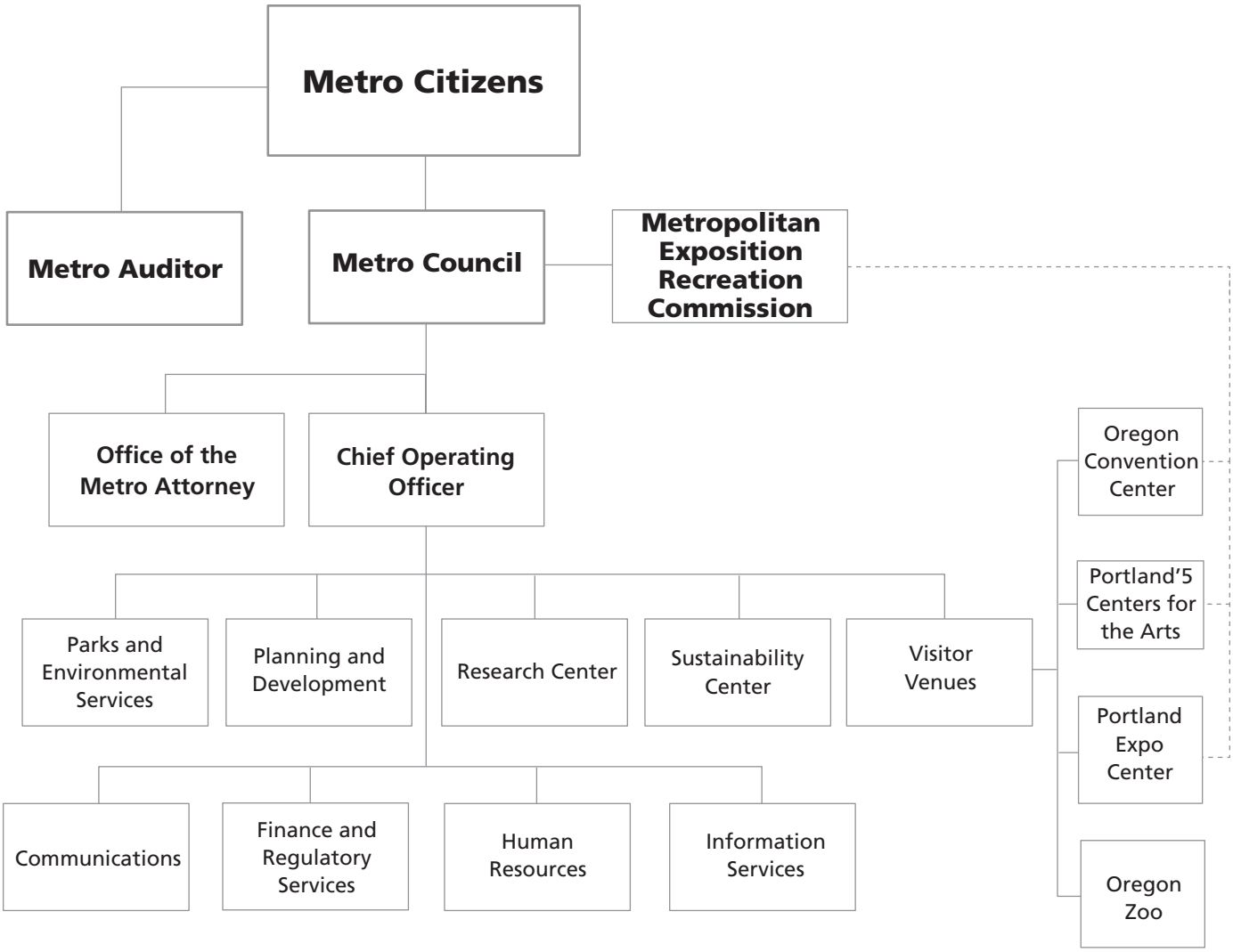
In June 2010 elected leaders from Clackamas, Multnomah and Washington counties and Metro worked together to identify the best places for future growth in the region and the most important lands to protect from development for the next half century. Because of the collaborative work, 266,954 acres of 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 97 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.

Organizational structure



Elected officials	Position	Service began	Current term expires
Tom Hughes	Metro Council President	January 2011	January 2019
Shirley Craddick	Councilor- District 1	January 2011	January 2019
Carlotta Collette	Councilor- District 2	November 2007	January 2019
Craig Dirksen	Councilor- District 3	January 2013	January 2017
Kathryn Harrington	Councilor- District 4	January 2007	January 2019
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
Brian Evans	Metro Auditor - Elect	January 2015	January 2019

Organizational Structure

Metro's organizational structure includes three offices (Metro Council, Metro Auditor and Metro Attorney), Visitor Venues (Oregon Convention Center, Portland Expo Center, Portland Center'5 for the 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'5 for the 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'5 for the Arts (Portland'5) 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.

2014

Condors of the Columbia exhibit opens at the Oregon Zoo.

Metro Council approves the Developement and Financing Agreement on the planned Oregon Convention Center Headquarters Hotel.

The Oregon Convention Center achieves LEED Platinum Certification. It is the first convention center in the US to reach that level.

Metro implements the Unclaimed Burial Spaces strategy to clarify ownership, eliminate risks, improve customer service, and create available inventory in Metro's historic cemeteries.

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Budget Environment

As the effects of the national recession of 2008 begin to wane, Metro has seen operating revenues begin to slowly climb to pre-recession levels. The agency's fiscal discipline during the economic downturn has positioned us to recover more rapidly than anticipated.

An important tool for building Metro's budget is the five-year forecast, primarily for the General Fund. The other primary operating funds, Metropolitan Exposition Recreation Commission (MERC) Fund and the Solid Waste Revenue Fund, are assessed slightly differently. The MERC Fund has a shorter focus, but with an emphasis on long-term capital requirements. The Solid Waste Fund is assessed based on how future expenditures and tonnage forecasts will impact the overall rate. 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 a few years of little or no increase in the Consumer Price Index (the escalator index for most labor agreements), base wages have begun to rise and will continue to do so over the next five-year period.

The current Public Employee Retirement System (PERS) sets rates for a two-year period, beginning in July 2013, with July 2015 as the next rate adjustment date. 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 help reduce pension bond debt service payments. The July 2015 increase is expected to be 4.4 percent and that has been factored into the forecasts.

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.

Unique operating assumptions

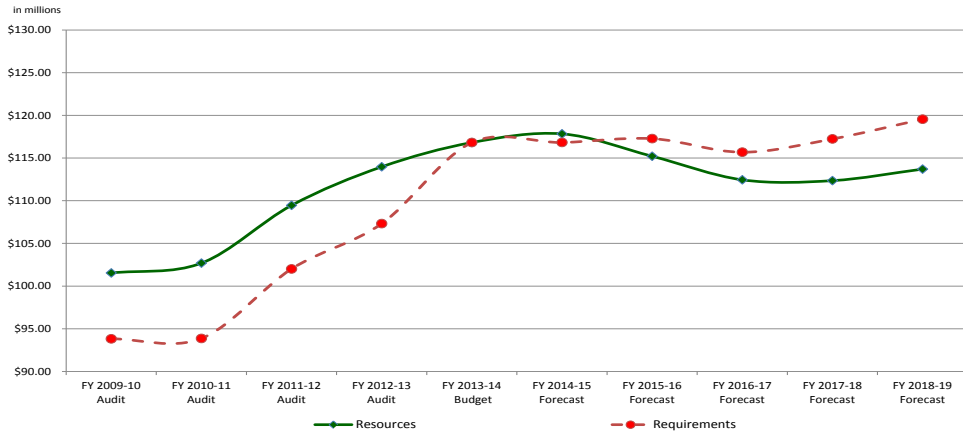
Each fund also has assumptions unique to its operations. Factors such as general and specialized taxes, federal and state grant funding, tonnage or attendance-driven enterprise activity impact the funds differently. Interest earnings calculations remain historically low and are applied uniformly. The 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 in 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. 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 have become less dependent on general support, with the passage of the five-year Parks and Natural Areas Local Option Levy in May 2013. 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 modestly increased. 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.

After several years of projected FTE reductions this budget shows the addition of several FTE, both levy-related and through the shift of limited duration positions to regular status. Those limited duration positions that are for project-specific work, both grant funded positions and those funded with special one-time discretionary resources, are concluded when they expire in the forecast.

The General Fund includes three important discretionary revenues for FY 2014-15: property tax ($12 million), general excise tax ($17 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 and continue to grow at a modest rate as the housing industry continues its recovery. 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 recovered to pre-recession levels and is expected to increase 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. The forecast assumes that the tax will be renewed in September 2014. In May 2013 the Metro region voted to approve a five year Parks and Natural Areas Local Option Levy. The levy generates 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 a small fee increase to be implemented in 2015. Parks revenues will be mostly flat over the forecast period with one major exception. With the new operations contract at the Glendoveer Golf Course, which went into effect in January 2013, revenues are expected to increase slowly. Metro will continue to make new capital investments at the site.

Federal transportation funding is expected to increase modestly, but will require reauthorization in 2014. Discretionary federal funding for general system planning, the Regional Transportation Plan and the Metropolitan Transportation Improvement Program, has not increased. 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 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. Combined, the steps taken over the last several years have helped make the five-year gap manageable. However, the forecast does suggest that additional adjustments will be required in future years. 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

The Metropolitan Exposition Recreation Commissin (MERC) Fund continues to rebound. The Oregon Convention Center projects a record number of conventions in FY 2014-15. Transient lodging tax has now returned to 2008 levels and shows modest growth throughout the forecast.

Revenues throughout the forecast reflect only those bookings that are confirmed. Transient lodging tax continues to grow 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. The Oregon Convention Center starts repaying a $2.2 million loan to the General Fund for its streetcar assessment at a rate of about $220,000 per year in FY 2014-15.

The Portland Expo Center continues to face challenges on the expenditure side over the long-term. Current projects include a detailed review to develop options for the future.

Solid Waste Revenue Fund

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 is increasing from its 2011 lows. Rates will rise modestly over the next five year period, as tonnage continues to increase. Metro has been able to accumulate sufficient resources to fund future capital improvements without impacting rates. In FY 2014-15 it is anticipated that reserves will not be used, and rates will decline slightly. Reserves are sufficient to weather a downturn in any given year with rates being adjusted to compensate in future budget years. 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 2014-15, MAKING APPROPRIATIONS, LEVYING AD VALOREM TAXES, AND AUTHORIZING AN INTERFUND LOAN	)))))	RESOLUTION NO 14-4515 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, 2014, and ending June 30, 2015; 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 Resolution) and considered; now, therefore,

BE IT RESOLVED,

1. The "Fiscal Year 2014-15 Metro Budget," in the total amount of FOUR HUNDRED EIGHTY THREE MILLION EIGHT HUNDRED FOURTY THOUSAND NINE HUNDRED NINETY THREE DOLLARS ($483,840,993), 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 Resolution, 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 EIGHT MILLION TWO HUNDRED TWENTY EIGHT THOUSAND THREE HUNDRED SIX DOLLARS ($38,228,306) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2014-15. 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		$38,228,306

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 Resolution, and hereby appropriates funds for the fiscal year beginning July 1, 2014, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

4. An interfund loan from the Solid Waste Revenue Fund to the General Asset Management Fund in an amount not to exceed $3.5 million is hereby authorized. The loan will be made to fund two large capital projects at the Oregon Zoo. The loan, including interest at a rate equal to the average yield on Metro's pooled investments, will be repaid from Oregon Zoo operating revenues. Repayment will be made over a period not to exceed ten years beginning FY 2014-15. Annual interest only payments will be made until such time as the Oregon Zoo's commitment to debt service on the FY 2013 Full Faith & Credit bonds expires on 8/1/2016. Thereafter, annual principal payments will be due no later than June 30th of each fiscal year.

5. The Rehabilitation and Enhancement Fund is hereby renamed the Community Enhancement Fund. All other attributes of the fund remain the same.

6. 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.

ADOPTED by the Metro Council on this 19th day of June 2014.

Tom Hughes, Council President

APPROVED AS TO FORM:

Alison Kean, Metro Attorney

Schedule of Appropriations

	Proposed Budget	Approved Budget	Adopted Budget
GENERAL FUND			
Council	4,440,981	4,440,981	4,612,781
Office of the Auditor	748,190	748,190	748,190
Office of Metro Attorney	2,147,681	2,147,681	2,202,018
Information Services	4,187,887	4,187,887	4,187,887
Communications	3,061,345	3,061,345	3,086,345
Finance and Regulatory Services	4,363,060	4,363,060	4,403,060
Human Resources	2,477,432	2,477,432	2,477,432
Parks and Environmental Services	8,517,296	8,517,296	8,532,296
Sustainability Center	3,004,535	3,004,535	3,384,535
Visitor Venues - Oregon Zoo	30,636,394	30,636,394	30,780,575
Planning and Development Department	14,894,485	14,894,485	15,094,485
Research Center	3,950,995	3,950,995	3,950,995
Special Appropriations	4,992,085	4,992,085	5,017,085
Non-Departmental			
Debt Service	1,786,381	1,786,381	1,786,381
Interfund Transfers	6,740,016	6,740,016	6,740,016
Contingency	4,485,241	4,485,241	4,100,722
Total Appropriations	100,434,004	100,434,004	101,104,803
Unappropriated Balance	17,880,454	17,880,454	17,880,454
Total Fund Requirements	**$118,314,458**	**$118,314,458**	**$118,985,257**
CEMETERY PERPETUAL CARE FUND			
Unappropriated Balance	495,257	495,257	495,257
Total Fund Requirements	**$495,257**	**$495,257**	**$495,257**
COMMUNITY ENHANCEMENT FUND			
Sustainability Center	842,020	842,020	842,020
Non-Departmental			
Interfund Transfers	58,951	58,951	58,951
Contingency	280,000	280,000	280,000
Total Appropriations	1,180,971	1,180,971	1,180,971
Unappropriated Balance	930,941	930,941	930,941
Total Fund Requirements	**$2,111,912**	**$2,111,912**	**$2,111,912**
GENERAL ASSET MANAGEMENT FUND			
Asset Management Program	11,862,707	11,862,707	12,739,140
Non-Departmental			
Contingency	5,461,220	5,461,220	5,337,970
Total Appropriations	17,323,927	17,323,927	18,077,110
Unappropriated Balance	181,908	181,908	181,908
Total Fund Requirements	**$17,505,835**	**$17,505,835**	**$18,259,018**
GENERAL OBLIGATION DEBT SERVICE FUND			
Non-Departmental			
Debt Service	37,231,175	37,231,175	37,231,175
Total Appropriations	37,231,175	37,231,175	37,231,175
Unappropriated Balance	96,575	96,575	96,575
Total Fund Requirements	**$37,327,750**	**$37,327,750**	**$37,327,750**
GENERAL REVENUE BOND FUND			
Bond Account			
Debt Service	2,953,444	2,953,444	2,953,444
Total Appropriations	2,953,444	2,953,444	2,953,444
Unappropriated Balance	6,520	6,520	6,520
Total Fund Requirements	**$2,959,964**	**$2,959,964**	**$2,959,964**
MERC FUND			
MERC	50,826,332	50,826,332	51,837,332
Non-Departmental			
Interfund Transfers	5,680,018	5,680,018	5,680,018
Contingency	28,817,223	28,817,223	28,817,223
Total Appropriations	85,323,573	85,323,573	86,334,573
Unappropriated Balance	-	-	-
Total Fund Requirements	**$85,323,573**	**$85,323,573**	**$86,334,573**

NATURAL AREAS FUND			
Sustainability Center	33,832,518	33,832,518	33,832,518
Non-Departmental			
Interfund Transfers	1,673,177	1,673,177	1,673,177
Contingency	15,000,000	15,000,000	15,000,000
Total Appropriations	50,505,695	50,505,695	50,505,695
Unappropriated Balance	2,360,531	2,360,531	2,360,531
Total Fund Requirements	**$52,866,226**	**$52,866,226**	**$52,866,226**
OREGON ZOO INFRASTRUCTURE/ANIMAL WELFARE FUND			
Visitor Venues - Oregon Zoo	29,210,633	29,210,633	29,210,633
Non-Departmental			
Interfund Transfers	376,086	376,086	376,086
Contingency	5,700,000	5,700,000	5,700,000
Total Appropriations	35,286,719	35,286,719	35,286,719
Unappropriated Balance	3,509,753	3,509,753	3,509,753
Total Fund Requirements	**$38,796,472**	**$38,796,472**	**$38,796,472**
OPEN SPACES FUND			
Sustainability Center	639,321	639,321	639,321
Total Appropriations	639,321	639,321	639,321
Total Fund Requirements	**$639,321**	**$639,321**	**$639,321**
PARKS AND NATURAL AREAS LOCAL OPTION LEVY FUND			
Sustainability Center	6,797,738	6,797,738	6,903,738
Parks and Environmental Services	3,883,354	3,883,354	3,883,354
Visitor Venues - Oregon Zoo	312,244	312,244	312,244
Special Appropriations	1,500,000	1,500,000	1,500,000
Non-Departmental			
Interfund Transfers	1,637,347	1,637,347	1,637,347
Contingency	1,173,117	1,173,117	1,173,117
Total Appropriations	15,303,800	15,303,800	15,409,800
Total Fund Requirements	**15,303,800**	**15,303,800**	**15,409,800**
RISK MANAGEMENT			
Finance and Regulatory Services	2,452,110	2,452,110	2,452,110
Non-Departmental			
Interfund Transfers	301,451	301,451	301,451
Contingency	500,000	500,000	500,000
Total Appropriations	3,253,561	3,253,561	3,253,561
Unappropriated Balance	1,259,422	1,259,422	1,259,422
Total Fund Requirements	**$4,512,983**	**$4,512,983**	**$4,512,983**
SMITH AND BYBEE WETLANDS FUND			
Parks and Environmental Services	65,000	65,000	65,000
Non-Departmental			
Interfund Transfers	107,596	107,596	107,596
Contingency	200,000	200,000	1,200,000
Total Appropriations	372,596	372,596	1,372,596
Unappropriated Balance	3,077,372	3,077,372	2,077,372
Total Fund Requirements	**$3,449,968**	**$3,449,968**	**$3,449,968**
SOLID WASTE FUND			
Sustainability Center	7,638,304	7,638,304	7,920,141
Parks and Environmental Services	46,935,498	46,935,498	47,168,798
Finance and Regulatory Services	2,582,058	2,582,058	2,582,058
Non-Departmental			
Interfund Transfers	8,898,408	8,898,408	8,898,408
Contingency	15,885,160	15,885,160	15,885,160
Total Appropriations	81,939,428	81,939,428	82,454,565
Unappropriated Balance	19,237,927	19,237,927	19,237,927
Total Fund Requirements	**$101,177,355**	**$101,177,355**	**$101,692,492**
Total Appropriations	**431,748,214**	**431,748,214**	**435,804,333**
Total Unappropriated Balance	**49,036,660**	**49,036,660**	**48,036,660**
TOTAL BUDGET	**$480,784,874**	**$480,784,874**	**$483,840,993**

Budget Note

The FY 2014-15 budget will provide $200,000 for a two-year pilot program to address the concepts outlined in the Metro Workforce Housing Implementation amendment proposed by Councilor Chase and the management response prepared by the Chief Operating Officer and Planning & Development Director. The Council will convene in July 2014 to develop and approve a work plan identifying program purpose and objectives. No expenditure of funds shall be made for this purpose until such time as the work plan is approved by the Council.

Property Tax Levy

Permanent Tax Rate Levy Calculation

FY 2013-14 Assessed Value	$136,104,534,535
Assessed Value Increase:	
Within 3% Statutory allowable	4,083,136,036
Estimate for new construction @ 1.0%	1,361,045,345
ESTIMATED FY 2014-15 ASSESSED VALUE	**$141,548,715,916**
Tax Rate=	$0.0966 /$1000
FY 2014-15 TAX RATE LEVY (estimated assessed value x tax rate)	$13,673,605
Less: Loss due to Measure 5 compression	($553,000)
Estimated uncollectable @ 5.5%	($721,633)
ESTIMATED TAXES TO BE RECEIVED	**$12,398,972**

(based on 94.5% collectable rate)

Local Option Rate Levy Calculation

FY 2013-14 Assessed Value	$137,773,489,428
Assessed Value Increase:	
Within 3% Statutory allowable	4,133,204,683
Estimate for new construction @ 1.0%	1,377,734,894
ESTIMATED FY 2014-15 ASSESSED VALUE	**$143,284,429,005**
Tax Rate=	$0.0960 /$1000
FY 2014-15 TAX RATE LEVY (estimated assessed value x tax rate)	$13,755,305
Less: Loss due to Measure 5 compression	($2,882,500)
Estimated uncollectable @ 5.5%	($598,004)
ESTIMATED TAXES TO BE RECEIVED	**$10,274,801**

(based on 94.5% collectable rate)

General Obligation Bond Debt Service Calculation

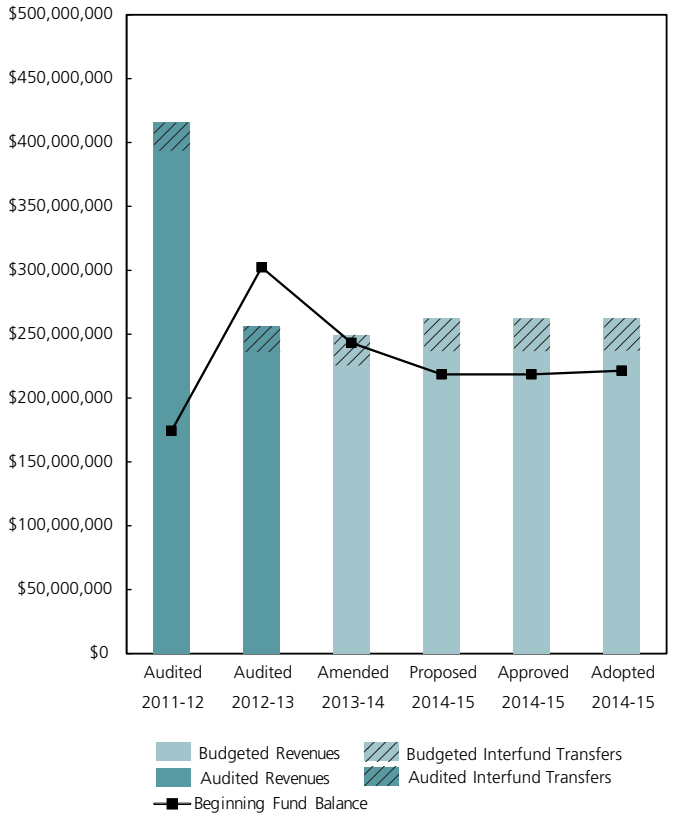
FY 2014-15 REQUIREMENTS		
07/15/14	Oregon Zoo-Oregon Project (2005 Series)	$146,450
12/01/14	Open Spaces (2012B Series)	$238,375
12/01/14	Natural Areas (2007 Series)	$1,759,875
12/01/14	Natural Areas (2012A Series)	$1,609,975
12/01/14	Zoo Infrastructure (2012A Series)	$1,275,913
01/15/15	Oregon Zoo-Oregon Project (2005 Series)	$2,141,450
06/01/15	Open Spaces (2012B Series)	$9,773,375
06/01/15	Natural Areas (2007 Series)	$6,379,875
06/01/15	Natural Areas (2012A Series)	$6,959,975
06/01/15	Zoo Infrastructure (2012A Series)	$6,945,913
07/15/15	Oregon Zoo-Oregon Project (2005 Series)	$96,575
TOTAL REQUIREMENTS		**$37,327,750**
Sources available for cash flow:		
	Fund balance	$547,000
	Prior years taxes to be rec'd in FY 2014-15	650,000
	Interest earned, FY 2014-15	5,000
	Total non-tax sources available in FY 2014-15	$1,202,000
Tax resources required to balance		$36,125,750
Levy (assume 94.5% collectable rate)		$38,228,306
Estimated FY 2014-15 Assessed Value		$141,548,715,916
Levy rate per $1,000 of assessed value		$0.2701
On $100,000 of assessed property value		$27.01
FY 2014-15 GO DEBT TAX LEVY AMOUNT		**$38,228,306**

Budget summary by year

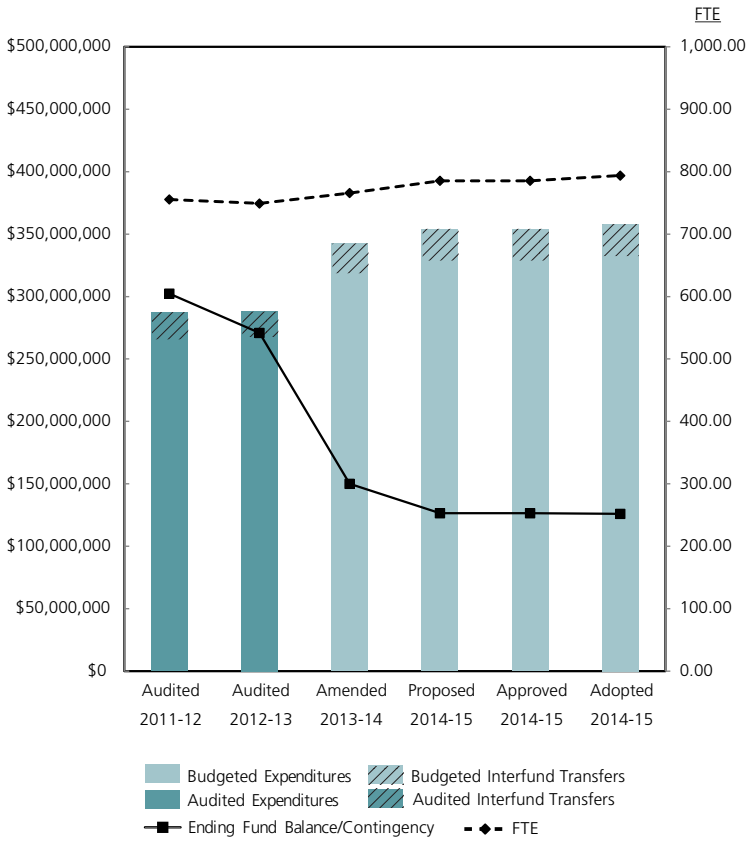
	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	Change hrom 2013-14
RESOURCES							
Beginning Fund Balance	174,355,620	302,267,337	243,182,410	218,572,075	218,572,075	221,363,195	(8.97%)
Current Revenues							
Excise Tax	14,412,914	15,357,261	15,344,116	16,597,648	16,597,648	16,597,648	8.17%
Construction Excise Tax	1,765,024	2,349,487	2,003,750	2,000,000	2,000,000	2,000,000	(0.19%)
Real Property Taxes	39,333,293	51,517,060	58,683,668	60,039,022	60,039,022	60,039,022	2.31%
Other Tax Revenues	33,619	28,792	30,000	40,000	40,000	40,000	33.33%
Interest Earnings	898,372	985,975	699,561	1,001,647	1,001,647	1,001,647	43.18%
Grants	10,290,105	10,990,550	10,511,662	10,520,418	10,520,418	10,785,418	2.60%
Local Government Shared Revenues	13,004,165	15,019,185	14,248,129	14,280,785	14,280,785	14,280,785	0.23%
Contributions from Governments	5,201,579	3,803,556	3,746,224	3,849,193	3,849,193	3,849,193	2.75%
Licenses and Permits	373,675	375,160	380,000	380,000	380,000	380,000	0.00%
Charges for Services	109,075,705	118,143,005	115,357,815	124,506,105	124,506,105	124,506,105	7.93%
Contributions from Private Sources	2,270,335	2,775,604	3,713,801	2,215,102	2,215,102	2,215,102	(40.35%)
Internal Charges for Services	577,804	530,292	419,535	317,509	317,509	317,509	(24.32%)
Miscellaneous Revenue	379,277	1,041,722	401,881	992,320	992,320	992,319	146.92%
Other Financing Sources	463,684	13,131,753	-	-	-	-	0.00%
Bond Proceeds	195,478,858	42,577	-	-	-	-	0.00%
Subtotal Current Revenues	393,558,420	236,091,979	225,540,142	236,739,749	236,739,749	237,004,748	5.08%
Interfund Transfers							
Internal Service Transfers	2,835,328	3,718,221	5,000,442	2,133,033	2,133,033	2,133,033	(57.34%)
Interfund Reimbursements	9,167,136	10,118,777	9,885,541	11,578,312	11,578,312	11,578,312	17.12%
Interfund Loans	-	-	2,670,800	3,472,940	3,472,940	3,472,940	30.03%
Fund Equity Transfers	9,933,379	6,544,607	6,311,365	8,288,765	8,288,765	8,288,765	31.33%
Subtotal Interfund Transfers	21,935,843	20,381,605	23,868,148	25,473,050	25,473,050	25,473,050	6.72%
TOTAL RESOURCES	**$589,849,873**	**$558,740,923**	**$492,590,700**	**$480,784,874**	**$480,784,874**	**$483,840,993**	**(1.78%)**
REQUIREMENTS							
Current Expenditures							
Personnel Services	76,388,506	75,457,497	84,058,532	85,706,058	85,706,058	85,996,314	2.31%
Materials and Services	96,023,271	99,065,662	126,233,282	129,174,117	129,174,117	130,460,316	3.35%
Capital Outlay	28,293,890	25,753,073	67,467,855	71,922,028	71,922,028	73,909,461	9.55%
Debt Service	64,941,026	67,285,032	40,937,068	41,971,000	41,971,000	41,971,000	2.53%
Subtotal Current Expenditures	265,646,692	267,561,264	318,696,737	328,773,203	328,773,203	332,337,091	4.28%
Interfund Transfers							
Internal Service Transfers	2,835,328	3,718,221	5,000,442	2,133,033	2,133,033	2,133,033	(57.34%)
Interfund Reimbursements	9,167,136	10,118,777	9,885,541	11,578,312	11,578,312	11,578,312	17.12%
Fund Equity Transfers	9,933,379	6,544,607	6,311,365	8,288,765	8,288,765	8,288,765	31.33%
Interfund Loans	-	-	2,670,800	3,472,940	3,472,940	3,472,940	30.03%
Subtotal Interfund Transfers	21,935,843	20,381,605	23,868,148	25,473,050	25,473,050	25,473,050	6.72%
Contigency	-	-	54,637,780	77,501,961	77,501,961	77,994,192	42.75%
Unappropriated Fund Balance	302,267,337	270,798,054	95,388,035	49,036,660	49,036,660	48,036,660	(49.64%)
Subtotal Contigency/Ending Balance	302,267,337	270,798,054	150,025,815	126,538,621	126,538,621	126,030,852	(15.99%)
TOTAL REQUIREMENTS	**$589,849,873**	**$558,740,923**	**$492,590,700**	**$480,784,874**	**$480,784,874**	**$483,840,993**	**(1.78%)**
FULL-TIME EQUIVALENTS	755.49	749.14	765.79	785.25	785.25	793.75	3.65%
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							27.96

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.

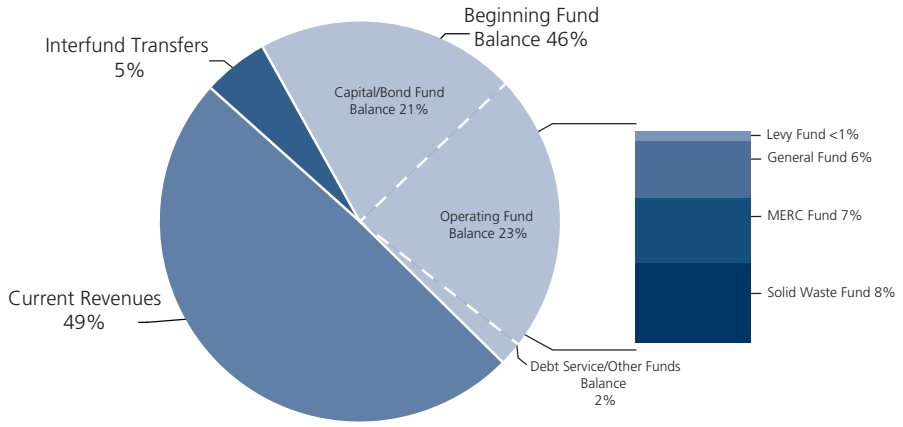
BEGINNING FUND BALANCE

Metro's beginning fund balance constitutes 46 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 $29.6 million beginning fund balance accounts for 13.4 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 projects such as the Equity program and the Community Investment Initiative, now known as Regional Infrastructure Supporting Our Economy. 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 2014-15 about $6.0 million of the General Fund's beginning fund balance is funding these financial reserves.

FY 2014-15 Total resources



Total resources $483,840,993

CURRENT REVENUES

Current revenues account for 49 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– 53 percent

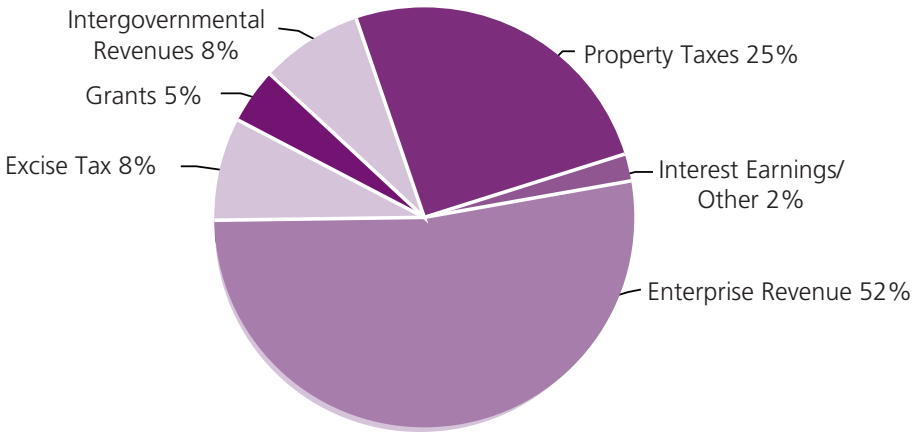
Enterprise activities generate the largest piece of current revenues at $124.5 million. Metro's largest enterprise activity is solid waste disposal, generating $59.6 million, which comes from fees charged on solid waste deposited at Metro's transfer stations or several other designated solid waste facilities. This is about a 7.7 percent increase from the FY 2013-14 budget.

While the per ton solid waste fee is expected to decline for the first time in recent years, solid waste tonnage has made a strong recovery. In the current year, tonnage at Metro facilities is expected to be 10.1 percent greater than budget and regional tonnage is expected to be 5.8 percent higher. The economic growth is expected to continue with the tonnage forecast for FY 2014-15 at Metro facilities and at the regional level expected to increase 4.5 percent and 4.0 percent, respectively, over the FY 2013-14 trend.

The Visitor Venues (Oregon Zoo, Oregon Convention Center, Portland'5 Centers for the Arts and Portland Expo Center) produce $58.0 million, about 9 percent above the current year. The Oregon Zoo is showing revenue growth of about 4 percent. While the zoo has experienced record-breaking attendance the last several years, construction on major zoo exhibits is expected to slightly dampen attendance in FY 2014-15. The budget projects annual attendance of 1.575 million, slightly below current year projections. Budget per capita shows significant increases in admission due in part to fee increases enacted in February 2013 as well as more paid admissions. Food revenues are expected to be flat. Although per capita spending is expected to be slightly higher, attendance is projected to be slightly lower. The Oregon Convention Center (OCC) relies on convention bookings made years in advance. Budgeted revenue is about 20 percent greater than last year. This is due to the significant increase in booked events. The budget assumes 46 total bookings compared to 32 in the current year. The Portland Expo Center (Expo) is reflecting a 5 percent decrease from the current year. While there is a modest increase in both the number of events

FY 2014-15 Current revenues

RESOURCES	
Beginning Fund Balance	*$221,363,195*
Current Revenues	
Real Property Taxes	60,039,022
Excise Tax	16,597,648
Construction Excise Tax	2,000,000
Other Derived Tax Revenue	40,000
Grants	10,785,418
Local Gov't Shared Revenues	14,280,785
Contributions from other Gov'ts	3,849,193
Enterprise Revenue	124,506,105
Interest Earnings	1,001,647
Donations	2,215,102
Other Misc. Revenue	1,689,828
Subtotal Current Revenues	237,004,748
Interfund Transfers:	
Interfund Reimbursements	11,578,312
Internal Service Transfers	2,133,033
Interfund Loan	3,472,940
Fund Equity Transfers	8,288,765
Subtotal Interfund Transfers	25,473,050
TOTAL RESOURCES	**$483,840,993**



Total current revenues $237,004,748

and in attendance. FY 2014-15 does not include *Cirque de Soleil,* resulting in a decline from budget of the previous year. Revenues generated at the Portland'5 Centers for the Arts (Portland'5) are up about 9 percent. This reflects three additional weeks of Broadway – 9.5 weeks versus 6.5 weeks – as well as modest 3 percent increases in rental and concessions rates.

Regional parks facilities generate another $5.8 million in fees and services, an increase of about 2.5 percent. This reflects modest increases in almost all facility revenues. Parking fees, business license fees and Data Resource Center revenues account for the remainder of enterprise revenues.

Property taxes– 25 percent

Metro expects to receive $60 million in property tax revenues in FY 2014-15. This includes current year tax receipts to the General Fund directed toward operations ($12.4 million), debt service levies for outstanding general obligation bond issues for the Open Spaces Acquisition program, the original OCC construction, the zoo's Great Northwest project, the Natural Areas program and the Oregon Zoo Infrastructure and Animal Welfare bond projects ($36.1 million), and the second year of a five-year local option levy for natural areas operations ($10.3 million). The remainder, approximately $1.2 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 $16.6 million in FY 2014-15. 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 2014-15 will be $11.76 per ton, a decrease of 53 cents, effective July 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'5 Centers for the 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 budget assumes the Council will reauthorize the excise tax prior to the September 2014 expiration date. The tax is expected to generate $2.0 million in FY 2014-15.

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'5 Centers for the 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 8 percent in FY 2014-15. The request to the Visitor Development Fund has decreased by 35 percent. This is a one-time reduction. In previous years, MERC served as a pass-through for funding for Travel Portland. Beginning in FY 2014-15, this funding is being sent directly.

Grants– 4 percent

Grants are anticipated to provide $10.8 million to the revenue mix. The primary planning functions of the agency — Planning and Development and the Research Center — receive approximately $9.5 million in grant funds, 88 percent of all grants. These functions rely on federal, state and local grants to fund most of the transportation planning and modeling programs. Planning grants are anticipated to increase about 5 percent due mostly to increased carryover of PL/STP funds and an increase in Regional Transportation Option grants. Metro also receives grants for projects planned at regional parks and natural areas, Oregon Zoo, MERC venues and solid waste facilities. Non-planning grant funds are project specific and will vary from year to year.

Other miscellaneous revenues/Interest Earnings– 2 percent

In FY 2014-15 other revenues include $2.2 million in donations; $1 million in projected interest earnings and about $1.7 million 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 $13.7 million in FY 2014-15. The transfer classification also includes $8.3 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 2014-15 is a one-time interfund loan from the Solid Waste Revenue Fund to the General Asset Management Fund to fund two large capital renovation projects at the Oregon Zoo.

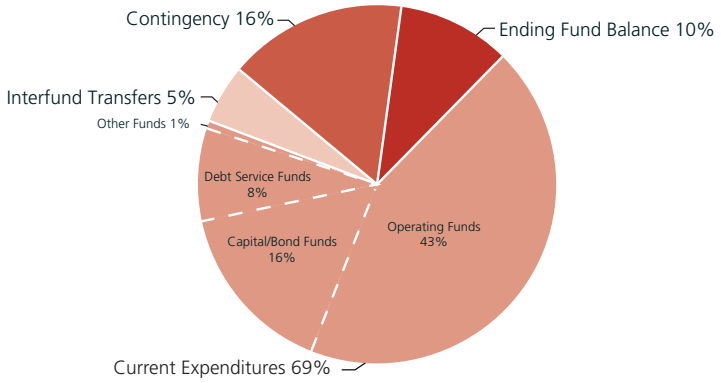
Where the money goes

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-four percent of current expenditures support the operations of Metro facilities such as the Oregon Zoo, OCC, Expo, Portland'5, 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 12 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 1 percent is allocated for specific requirements such as for cemetery perpetual care, risk management, community 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 2014-15 Total requirements



Total requirements $483,840,993

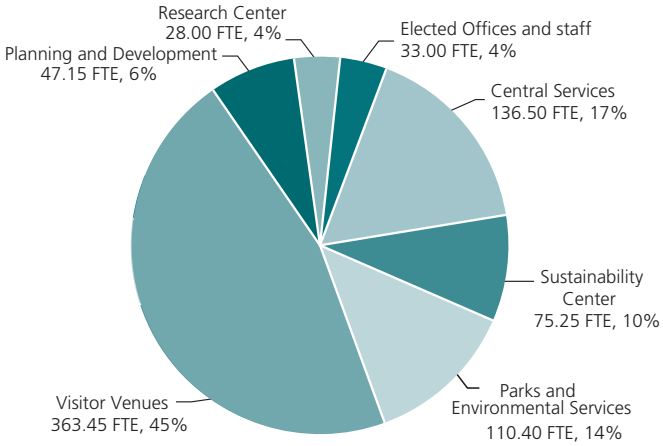
CURRENT EXPENDITURES

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– 26 percent

Metro plans to spend about $86 million for salaries and wages and related expenditures for its employees in FY 2014-15. Personnel services includes employee-related benefit costs such as health and welfare and pension contributions. Fringe benefits are about 39 percent of salaries and wages, and 28 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 2014-15 FTE positions by function



Total FTE 793.75

The FY 2014-15 budget includes 783.75 full-time equivalent positions, an increase of 27.96 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 $130.4 million on materials and services in FY 2014-15. 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 $30 million). Materials and services at the visitor venues (OCC, Oregon Zoo, Expo and Portland'5) also include $39 million for operations.

Capital outlay– 22 percent

Approximately $74 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 $20 million for land acquisition and capital expenditures related to the Natural Areas program, $28.5 million for capital improvements at the Oregon Zoo under the Oregon Zoo Infrastructure and Animal Welfare bond measure, $3.4 million for solid waste facility capital projects and $6.6 million for capital improvements at MERC facilities. Another $2.8 million is provided for various renewal and replacement projects at the Oregon Zoo, regional parks or Metro Regional Center, including information technology infrastructure, and $7.4 million in new non-bond related capital projects at the Oregon Zoo. 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.

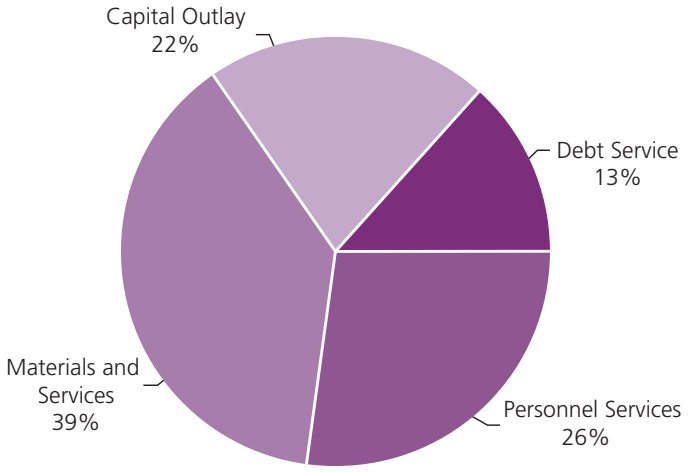
INTERFUND TRANSFERS

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 2014-15 total about $25.5 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 2014-15 Current expenditures by budget category



REQUIREMENTS	
Current Expenditures	
Personnel Services	$85,996,314
Materials and Services	$130,460,316
Capital Outlay	$73,909,461
Debt Service	$41,971,000
Subtotal Current Expenditures	$332,337,091
Interfund Transfers:	
Interfund Reimbursements	$11,578,312
Internal Service Transfers	$2,133,033
Interfund Loan	$3,472,940
Fund Equity Transfers	$8,288,765
Subtotal Interfund Transfers	$25,473,050
Contingency	$77,994,192
Ending Fund Balance	$48,036,660
TOTAL REQUIREMENTS	**$483,840,993**

Total current expenditures $332,337,091

Metro

Fund Summary Highlights

FY 2014-15 Fund Summary by Category

	Operating Funds	Capital / Bond Funds	Debt Service Funds	Other Funds	Total
RESOURCES					
Beginning Fund Balance	110,442,702	101,859,970	553,487	8,507,036	221,363,195
Current Revenues					
Excise Tax	16,597,648	0	0	0	16,597,648
Construction Excise Tax	2,000,000	0	0	0	2,000,000
Real Property Taxes	23,263,272	0	36,775,750	0	60,039,022
Other Tax Revenues	0	0	0	40,000	40,000
Interest Earnings	436,226	522,242	5,033	38,146	1,001,647
Grants	10,662,168	73,250	0	50,000	10,785,418
Local Government Shared Revenues	14,280,785	0	0	0	14,280,785
Contributions from Governments	3,849,193	0	0	0	3,849,193
Licenses and Permits	380,000	0	0	0	380,000
Charges for Services	124,138,941	0	0	367,164	124,506,105
Contributions from Private Sources	250,102	1,965,000	0	0	2,215,102
Internal Charges for Services	0	0	0	317,509	317,509
Miscellaneous Revenue	987,319	0	0	5,000	992,319
Subtotal Current Revenues	196,845,654	2,560,492	36,780,783	817,819	237,004,748
Interfund Transfers:					
Internal Service Transfers	2,067,384	0	0	65,649	2,133,033
Interfund Reimbursements	10,398,696	0	0	1,179,616	11,578,312
Interfund Loans	244,940	3,228,000	0	0	3,472,940
Transfers-R	0	0	0	0	0
Fund Equity Transfers	2,422,746	2,912,575	2,953,444	0	8,288,765
Interfund Clearing Accounts	0	0	0	0	0
Subtotal Interfund Transfers	15,133,766	6,140,575	2,953,444	1,245,265	25,473,050
TOTAL RESOURCES	**$322,422,122**	**$110,561,037**	**$40,287,714**	**$10,570,120**	**$483,840,993**
REQUIREMENTS					
Current Expenditures:					
Personnel Services	83,541,769	2,454,545	0	0	85,996,314
Materials and Services	112,974,930	14,126,256	0	3,359,130	130,460,316
Capital Outlay	14,068,650	59,840,811	0	0	73,909,461
Debt Service	1,786,381	0	40,184,619	0	41,971,000
Subtotal Current Expenditures	212,371,730	76,421,612	40,184,619	3,359,130	332,337,091
Interfund Transfers:					
Internal Service Transfers	1,907,198	59,288	0	166,547	2,133,033
Interfund Reimbursements	9,662,592	1,915,720	0	0	11,578,312
Fund Equity Transfers	7,913,059	74,255	0	301,451	8,288,765
Interfund Loans	3,472,940	0	0	0	3,472,940
Subtotal Interfund Transfers	22,955,789	2,049,263	0	467,998	25,473,050
Contingency	49,976,222	26,037,970	0	1,980,000	77,994,192
Unappropriated Fund Balance	37,118,381	6,052,192	103,095	4,762,992	48,036,660
Subtotal Contingency/Ending Balance	87,094,603	32,090,162	103,095	6,742,992	126,030,852
TOTAL REQUIREMENTS	**$322,422,122**	**$110,561,037**	**$40,287,714**	**$10,570,120**	**$483,840,993**
Full-Time Equivalents (FTE)	**771.70**	**22.05**	**0.00**	**0.00**	**793.75**

Fund Summary Highlights

Operating Funds

The operating funds include the General Fund, MERC Fund, Solid Waste Revenue Fund and the 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 and year 2 of the five-year local option levy rate of $0.0960/$1,000 of assessed value. Both levies assume a 4.0 percent increase in assessed value and a 94.5 percent collectible rate.
- Local Government Shared Revenues include a 8 percent increase in transient lodging tax and 35 percent one-time decrease in the Visitor Development Fund allocation. Both sources provide funding for MERC facilities and operations.
- Enterprise revenues include an 8 percent increase in solid waste revenues; 4 percent increase in revenues generated at the Oregon Zoo; 12 percent increase at MERC primarily at Oregon Convention Center and Portland'5 Centers for the Arts revenues; and a 2.5 percent increase in regional parks fees.
- Personnel services reflect a net increase of 25.96 FTE resulting from the addition of 19.71 FTE across almost all operating areas and the recognition of 6.25 FTE of existing part-time positions whose FTE were previously not included in the budget. 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, Natural Areas Fund, Open Spaces Fund and 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 2014-15 represents a 28 percent reduction in beginning fund balance as the bond funds are spent down.
- Significant project expenditures in FY 2014-15 include:
  - $26 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.
  - $7.4 million at the Oregon Zoo for major non-bond funded capital projects such as the zoo train renovation, Steller Cove renovation and the remote elephant 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 Cemetery Perpetual Care Fund, Community Enhancement Fund, Risk Management Fund and Smith and Bybee Wetlands Fund.

FY 2014-15 General Fund Summary

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	Change From 2013-14
RESOURCES							
Beginning Fund Balance	28,964,227	31,796,742	31,083,766	29,237,171	29,237,171	29,642,971	(4.64%)
Current Revenues							
Excise Tax	14,412,914	15,357,261	15,344,116	16,597,648	16,597,648	16,597,648	8.17%
Construction Excise Tax	1,765,024	2,349,487	2,003,750	2,000,000	2,000,000	2,000,000	(0.19%)
Real Property Taxes	11,780,995	12,057,676	12,159,773	12,740,972	12,740,972	12,740,972	4.78%
Other Tax Revenues	424	113	-	-	-	-	
Interest Earnings	178,157	115,406	65,000	151,000	151,000	151,000	132.31%
Grants	8,961,587	9,020,438	9,894,409	10,327,168	10,327,168	10,592,168	7.05%
Local Government Shared Revenues	466,123	555,198	546,634	754,287	754,287	754,287	37.99%
Contributions from Governments	4,408,500	2,924,250	2,930,204	3,017,288	3,017,288	3,017,288	2.97%
Licenses and Permits	373,675	375,160	380,000	380,000	380,000	380,000	0.00%
Charges for Services	23,108,849	25,771,126	27,208,738	28,201,409	28,201,409	28,201,409	3.65%
Contributions from Private Sources	839,035	689,406	527,801	250,102	250,102	250,102	(52.61%)
Miscellaneous Revenue	219,267	467,982	288,075	875,778	875,778	875,777	204.01%
Other Financing Sources	24,400	13,230	-	-	-	-	
Subtotal Current Revenues	66,538,950	69,696,732	71,348,500	75,295,652	75,295,652	75,560,651	5.90%
Interfund Transfers							
Internal Service Transfers	2,740,228	3,623,649	4,727,316	2,008,433	2,008,433	2,008,433	(57.51%)
Interfund Reimbursements	7,410,638	8,591,807	8,891,931	10,398,696	10,398,696	10,398,696	16.95%
Interfund Loans	-	-	470,800	228,800	228,800	228,800	(51.40%)
Fund Equity Transfers	3,808,513	271,557	301,961	1,145,706	1,145,706	1,145,706	279.42%
Subtotal Interfund Transfers	13,959,379	12,487,013	14,392,008	13,781,635	13,781,635	13,781,635	(4.24%)
TOTAL RESOURCES	**$109,462,556**	**$113,980,488**	**$116,824,274**	**$118,314,458**	**$118,314,458**	**$118,985,257**	**1.85%**
REQUIREMENTS							
Current Expenditures							
Personnel Services	47,726,886	47,969,440	52,134,068	51,426,900	51,426,900	51,611,418	(1.00%)
Materials and Services	23,174,975	24,796,890	35,605,016	35,866,316	35,866,316	36,712,116	3.11%
Capital Outlay	130,131	419,395	129,500	129,150	129,150	154,150	19.03%
Debt Service	1,588,214	1,654,289	1,720,071	1,786,381	1,786,381	1,786,381	3.86%
Subtotal Current Expenditures	72,620,207	74,840,014	89,588,655	89,208,747	89,208,747	90,264,065	0.75%
Interfund Transfers							
Interfund Reimbursements	727,260	555,274	420,704	768,868	768,868	768,868	82.76%
Fund Equity Transfers	4,318,347	5,001,718	4,764,657	5,955,008	5,955,008	5,955,008	24.98%
Interfund Loans	-	-	2,200,000	16,140	16,140	16,140	(99.27%)
Subtotal Interfund Transfers	5,045,607	5,556,992	7,385,361	6,740,016	6,740,016	6,740,016	(8.74%)
Contigency	-	-	3,903,557	4,485,241	4,485,241	4,100,722	5.05%
Unappropriated Fund Balance	31,796,742	33,583,482	15,946,701	17,880,454	17,880,454	17,880,454	12.13%
Subtotal Contigency/Ending Balance	31,796,742	33,583,482	19,850,258	22,365,695	22,365,695	21,981,176	10.73%
TOTAL REQUIREMENTS	**$109,462,556**	**$113,980,488**	**$116,824,274**	**$118,314,458**	**$118,314,458**	**$118,985,257**	**1.85%**
FULL-TIME EQUIVALENTS	455.81	457.39	457.84	453.65	453.65	461.15	(0.92%)
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							3.31

FY 2014-15 MERC Fund Summary

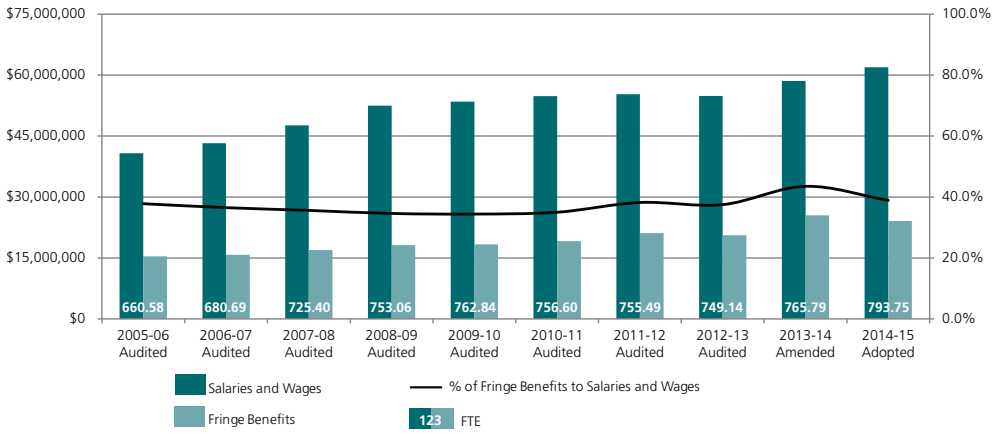
	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	Change From 2013-14
RESOURCES							
Beginning Fund Balance	26,357,848	26,161,716	24,211,557	33,314,365	33,314,365	34,325,365	41.77%
Current Revenues							
Interest Earnings	155,883	99,479	76,142	57,750	57,750	57,750	(24.15%)
Grants	123,574	422,145	494,003	70,000	70,000	70,000	(85.83%)
Local Government Shared Revenues	12,538,042	14,463,987	13,701,495	13,526,498	13,526,498	13,526,498	(1.28%)
Contributions from Governments	774,040	798,035	816,020	831,905	831,905	831,905	1.95%
Charges for Services	32,760,701	36,603,297	32,436,727	36,301,250	36,301,250	36,301,250	11.91%
Contributions from Private Sources	380,699	75,000	75,000	-	-	-	(100.00%)
Miscellaneous Revenue	124,968	125,801	81,805	84,542	84,542	84,542	3.35%
Subtotal Current Revenues	46,857,909	52,587,744	47,681,192	50,871,945	50,871,945	50,871,945	6.69%
Interfund Transfers							
Interfund Loans	-	-	2,200,000	-	-	-	(100.00%)
Fund Equity Transfers	594,822	568,633	418,633	1,137,263	1,137,263	1,137,263	171.66%
Subtotal Interfund Transfers	594,822	568,633	2,618,633	1,137,263	1,137,263	1,137,263	(56.57%)
TOTAL RESOURCES	**$73,810,579**	**$79,318,093**	**$74,511,382**	**$85,323,573**	**$85,323,573**	**$86,334,573**	**15.87%**
REQUIREMENTS							
Current Expenditures							
Personnel Services	17,202,907	16,558,158	17,741,183	18,432,052	18,432,052	18,432,052	3.89%
Materials and Services	22,264,502	24,997,904	27,142,828	25,787,980	25,787,980	25,985,980	(4.26%)
Capital Outlay	2,044,279	2,798,718	5,827,617	6,606,300	6,606,300	7,419,300	27.31%
Subtotal Current Expenditures	41,511,688	44,354,781	50,711,628	50,826,332	50,826,332	51,837,332	2.22%
Interfund Transfers							
Internal Service Transfers	79,949	134,090	156,423	135,954	135,954	135,954	(13.09%)
Interfund Reimbursements	2,906,621	3,227,725	3,315,931	3,675,213	3,675,213	3,675,213	10.84%
Fund Equity Transfers	3,150,605	1,187,132	1,188,650	1,640,051	1,640,051	1,640,051	37.98%
Interfund Loans	-	-	470,800	228,800	228,800	228,800	(51.40%)
Subtotal Interfund Transfers	6,137,175	4,548,947	5,131,804	5,680,018	5,680,018	5,680,018	10.68%
Contigency	-	-	8,311,368	28,817,223	28,817,223	28,817,223	177.04%
Unappropriated Fund Balance	26,161,716	30,414,365	10,356,582	-	-	-	(100.00%)
Subtotal Contigency/Ending Balance	26,161,716	30,414,365	18,667,950	28,817,223	28,817,223	28,817,223	54.37%
TOTAL REQUIREMENTS	**$73,810,579**	**$79,318,093**	**$74,511,382**	**$85,323,573**	**$85,323,573**	**$86,334,573**	**15.87%**
FULL-TIME EQUIVALENTS	185.85	181.50	175.50	182.35	182.35	182.35	3.90%
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							6.85

FY 2014-15 Solid Waste Fund Summary

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	Change From 2013-14
RESOURCES							
Beginning Fund Balance	42,792,555	39,731,933	37,939,125	41,096,229	41,096,229	41,611,366	9.68%
Current Revenues							
Interest Earnings	235,712	131,819	93,323	202,976	202,976	202,976	117.50%
Grants	304,314	74,284	-	-	-	-	0.00%
Contributions from Governments	-	13,325	-	-	-	-	0.00%
Charges for Services	52,919,022	55,456,192	55,363,750	59,636,282	59,636,282	59,636,282	7.72%
Miscellaneous Revenue	31,142	39,167	27,000	27,000	27,000	27,000	0.00%
Other Financing Sources	22,750	637	-	-	-	-	0.00%
Subtotal Current Revenues	53,512,941	55,715,423	55,484,073	59,866,258	59,866,258	59,866,258	7.90%
Interfund Transfers							
Internal Service Transfers	33,287	33,465	88,884	58,951	58,951	58,951	(33.68%)
Interfund Loans	-	-	-	16,140	16,140	16,140	n/a
Fund Equity Transfers	224,457	112,131	153,401	139,777	139,777	139,777	(8.88%)
Subtotal Interfund Transfers	257,744	145,596	242,285	214,868	214,868	214,868	(11.32%)
TOTAL RESOURCES	**$96,563,240**	**$95,592,952**	**$93,665,483**	**$101,177,355**	**$101,177,355**	**$101,692,492**	**8.57%**
REQUIREMENTS							
Current Expenditures							
Personnel Services	9,262,025	9,003,050	9,992,345	11,073,187	11,073,187	11,073,187	10.82%
Materials and Services	38,260,198	38,076,830	42,004,973	42,965,273	42,965,273	43,247,110	2.96%
Capital Outlay	1,588,721	712,448	3,493,595	3,117,400	3,117,400	3,350,700	(4.09%)
Subtotal Current Expenditures	49,110,944	47,792,329	55,490,913	57,155,860	57,155,860	57,670,997	3.93%
Interfund Transfers							
Internal Service Transfers	2,060,725	2,990,598	3,129,793	469,686	469,686	469,686	(84.99%)
Interfund Reimbursements	4,363,236	4,754,458	4,580,513	4,899,722	4,899,722	4,899,722	6.97%
Fund Equity Transfers	1,296,402	84,200	56,097	301,000	301,000	301,000	436.57%
Interfund Loans	-	-	-	3,228,000	3,228,000	3,228,000	n/a
Subtotal Interfund Transfers	7,720,363	7,829,256	7,766,403	8,898,408	8,898,408	8,898,408	14.58%
Contigency	-	-	12,932,514	15,885,160	15,885,160	15,885,160	22.83%
Unappropriated Fund Balance	39,731,933	39,971,367	17,475,653	19,237,927	19,237,927	19,237,927	10.08%
Subtotal Contigency/Ending Balance	39,731,933	39,971,367	30,408,167	35,123,087	35,123,087	35,123,087	15.51%
TOTAL REQUIREMENTS	**$96,563,240**	**$95,592,952**	**$93,665,483**	**$101,177,355**	**$101,177,355**	**$101,692,492**	**8.57%**
FULL-TIME EQUIVALENTS	93.55	91.05	90.75	101.30	101.30	101.30	11.63%
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							10.55

Salaries, wages and benefits

FY 2014-15 Comparison of salaries and wages



Over the 10-year period authorized FTE has risen by approximately 133 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. In addition, as the economy has improved, the visitor venues that reduced staff during the recession are now needing to reinstate positions to meet increased visitor demand. Finally, the Oregon Zoo has been closely examining the use of temporary staffing levels for several years. Where it is apparent that temporary staff are being used on a consistent basis, those staff are converted to regular FTE. 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 employees ranging from 2.0 percent to 2.5 percent depending on bargaining unit, and a merit for non-represented employees of 2.0 percent. Represented employees are also eligible for step increases based on longevity as determined by each collective bargaining agreement. 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. In addition, legislative changes after the FY 2013-14 budget was prepared reduced Metro's employer PERS rate by 4.4 percent.

This reduction is also being reserved. This reserve is now being used to partially offset PERS related costs for the next four to five years, resulting in a 2 percent offset in FY 2014-15.

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 paid the employee contribution on behalf of the employee, except for one collective bargaining group which opted 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. As of July 1, 2013, almost all newly hired employees are now 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 was based on provider proposals for the year and again provided for only a 5 percent increase over FY 2012-13 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 remained flat. The FY 2014-15 budget assumes an eight percent increase in health care premiums over the current year.

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.

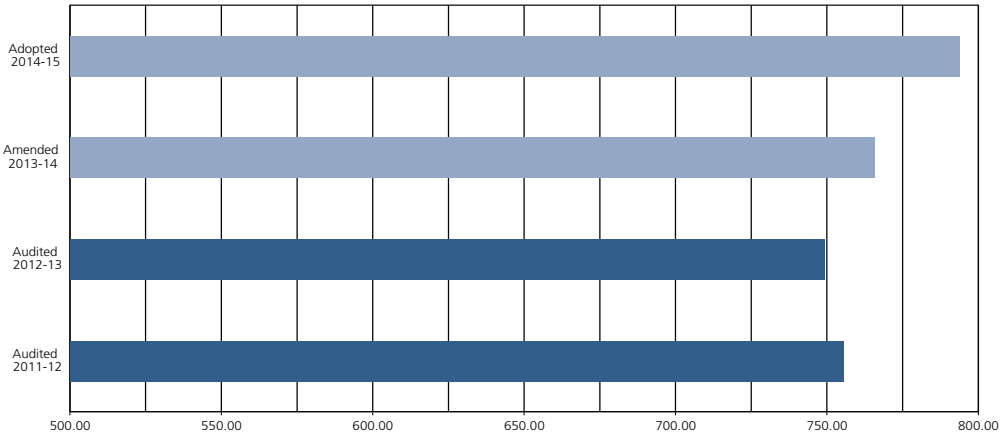
The appendices in the Detail volume provide more discussion on fringe benefit components.

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 event-related positions are not included in the FTE chart.

Staffing levels since the beginning of the recession 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. 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 Parks and Natural Areas Education staff transferring from the Sustainability Center to the Oregon Zoo. FY 2013-14 reflects the first year of a five year local option levy and the addition of 16.0 FTE associated new staff.

Historic staffing levels - overall



Historic staffing levels by service

Department	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Change From FY 2013-14	Change From FY 2011-12
Communications	22.00	23.13	22.25	25.00	2.75	3.00
Council	25.38	26.39	26.69	27.00	0.31	1.62
Finance and Regulatory Services	43.70	45.87	48.50	49.50	1.00	5.80
Human Resources	18.00	17.75	17.75	19.00	1.25	1.00
Information Services	26.00	25.50	27.50	27.50	-	1.50
Non-Departmental	-	1.00	1.00	-	(1.00)	-
Office of Metro Attorney	15.12	14.50	15.00	15.50	0.50	0.38
Office of the Auditor	6.00	6.00	6.00	6.00	-	-
Parks and Environmental Services	97.30	102.65	108.80	110.40	1.60	13.10
Planning and Development	55.96	46.80	45.40	47.15	1.75	(8.81)
Research Center	31.47	29.25	26.75	28.00	1.25	(3.47)
Sustainability Center	69.40	60.60	69.80	75.25	5.45	5.85
Visitor Venues	345.16	349.70	350.35	363.45	13.10	18.29
Total FTE	**755.49**	**749.14**	**765.79**	**793.75**	**27.96**	**38.26**

Visitor Venues	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Change From FY 2013-14	Change From FY 2011-12
Expo Center	13.30	13.30	12.30	14.80	2.50	1.50
MERC Administration	14.85	11.50	6.50	6.00	(0.50)	(8.85)
Oregon Convention Center	110.30	110.30	112.30	114.65	2.35	4.35
Oregon Zoo	159.31	168.20	174.85	181.10	6.25	21.79
Portland'5 Centers for the Arts	47.40	46.40	44.40	46.90	2.50	(0.50)
Total Visitor Venue FTE	**345.16**	**349.70**	**350.35**	**363.45**	**13.10**	**18.29**

Staffing changes for FY 2014-15

The FY 2014-15 budget increases the number of authorized positions by a net 27.96 FTE. Increases are seen in almost all operational areas; most heavily in the visitor venues, programs associated with Council priorities and related to the Parks and Natural Areas Local Option Levy.

The budget includes 20.80 new FTE. The Visitor Venues (Oregon Zoo, Oregon Convention Center, Expo Center and Portland'5 Centers for the Arts) are adding 10.0 FTE. For several years the Oregon Zoo has been reviewing temporary staff usage. Where it is apparent that temporary staff are being used on a regular full-time basis, a regular benefit eligible position is requested instead. In FY 2014-15 the Oregon Zoo has requested the addition of 6.5 regular FTE with commensurate reductions in temporary help, as well as the addition of a 1.0 FTE Hospital Manager. Additional staffing is being added at OCC, Portland'5 and Expo to increase service levels. An additional 4.0 FTE will be added to the Parks and Natural Areas Local Option Levy to provide additional support for natural areas restoration and management and an additional position in the Natural Areas Bond fund to support aquisition. The remaining new positions are added in high Council program priorities including equity, planning, community development and regional disaster debris planning.

Another 7.85 FTE is added related to a variety of already existing positions. The majority of the additions are associated with the Visitor Venues. Historically, the MERC facilities of OCC, Expo and Portland'5 only included FTE for regular full-time positions. To be consistent with all other organization in Metro, we are now reflecting FTE for regular part-time, non-event driven positions – those positions that work a consistent schedule year round regardless of the facility events.

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

Full-time equivalent changes by organizational unit

		FY 2014-15 Changes						
	FY 2013-14 Amended FTE	Misc. Changes in FTE	Transferred Positions	Eliminated LD Positions	"New LD Positions"	"New Regular Positions"	Total FTE Change	FY 2014-15 Proposed FTE
Office of Metro Auditor	6.00	-	-	-	-	-	-	6.00
Council Office	26.69	0.50	(1.00)	(0.19)	-	1.00	0.31	27.00
Office of Metro Attorney	15.00	0.50	-	-	-	-	0.50	15.50
Communications	22.25	-	3.00	(0.25)	-	-	2.75	25.00
Finance and Regulatory Services	48.50	-	-	-	-	1.00	1.00	49.50
Human Resources	17.75	0.25	-	-	-	1.00	1.25	19.00
Information Services	27.50	-	-	-	-	-	-	27.50
Planning and Development	45.40	0.75		-	-	1.00	1.75	47.15
Parks and Environmental Services	108.80	0.25	0.35	-	-	1.00	1.60	110.40
Research Center	26.75	0.50	-	(0.25)	-	1.00	1.25	28.00
Sustainability Center	69.80	-	0.65	-	4.80	-	5.45	75.25
Visitor Venues	350.35	5.10	(2.00)	-	-	10.00	13.10	363.45
Non-Departmental	1.00	-	(1.00)	-	-	-	(1.00)	-
TOTAL	**765.79**	**7.85**	**-**	**(0.69)**	**4.80**	**16.00**	**27.96**	**793.75**

Metro

Debt Summary

Metro

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, 2014, Metro will have seven debt issues outstanding, totaling $254,820,000. Metro has authorized but unissued debt remaining from the 2006 Natural Areas measure and the 2008 Oregon Zoo Infrastructure and Animal Welfare measure.

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. As the economy stuttered, real market value decreased by almost 17 percent between 2009 and 2013. As a result the ratio of assessed value to real market value rose from 53 percent in 2009 to 71 percent in 2014 (see chart on page B-37). While the economy is gaining strength the recovery is slow. Real market values are again on the rise but it remains to be seen how quickly they will grow. 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: $210,460,000 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 a second in 2012; and $125.0 million for Oregon Zoo infrastructure and projects related to animal welfare, for which three issues were placed in December 2008, August 2010 and May 2012.

State law establishes a limit of 10 percent of real market value on Metro's total general obligation indebtedness. Metro's general obligation debt is 0.10 percent of real market value. The Metro Debt Limitation Comparison table (page B-42) shows a comparison of Metro's outstanding general obligation bonds to the statutory debt limit.

Full Faith and Credit Bonds: $22,675,000 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 Expo. 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 Expo 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: $21,685,000 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. In the spring 2015 Metro will evaluate the program needs under both issues. We expect to issue the remaining authorization for the Oregon Zoo Infrastructure Bond sometime during FY 2015-16. Issuance of the remaining Natural Areas Bonds will be determined after Council review of program goals and objectives in the summer of 2014.

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	6,300,000	1/15/2017	Property Taxes
Open Spaces, Parks, and Streams 2012B Series	27,575,000	5/23/12	9,535,000	6/1/2015	Property Taxes
General Obligation Bonds					
Natural Areas 2007 Series	124,295,000	4/3/07	73,315,000	6/1/2026	Property Taxes
Natural Areas 2012A Series	75,000,000	5/23/12	66,310,000	6/1/2026	Property Taxes
Oregon Zoo Infrastructure 2012A Series	65,000,000	5/23/12	55,000,000	6/1/2028	Property Taxes
TOTAL GENERAL OBLIGATION BONDS OUTSTANDING			**$210,460,000**		
FULL FAITH AND CREDIT BONDS					
Full Faith and Credit Refunding Bonds					
2006 Series	14,700,000	4/20/06	10,180,000	12/1/2024	General Revenues
2013 Series	12,600,000	2/26/13	12,495,000	8/1/2022	General Revenues
TOTAL FULL FAITH & CREDIT BONDS OUTSTANDING			**$22,675,000**		
PENSION OBLIGATION BONDS					
Limited Tax Pension Obligation Bonds					
Series 2005	$24,290,000	9/23/05	$21,685,000	6/1/2028	Department Assessments
TOTAL PENSION OBLIGATION BONDS OUTSTANDING			**$21,685,000**		
GRAND TOTAL – METRO DEBT OUTSTANDING			**$254,820,000**		

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%	182,115,877,804	(3,997,814,919)	(2.1%)	71.8%	295,537	32.5%
	2014	136,104,534,535	5,269,162,327	4.0%	191,403,168,645	9,287,290,841	5.1%	71.1%	461,036	56.0%
(2)	2015	141,548,715,916	5,444,181,381	4.0%	200,973,327,077	9,570,158,432	5.0%	70.4%	553,000	19.9%

(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 and FY 2014-15 budgets.

Debt ratios as of July 1, 2014

FY 2014-15 Estimated Real Market Value	**$200,973,327,077**
2014 Estimated Population	**1,710,536**

	Debt Outstanding	Debt per Capita	Debt as % of Real Market Value
General Obligation Debt	$210,460,000	$123.04	0.10%
Full Faith and Credit Bonds	22,675,000	13.26	0.01%
Pension Obligation Bonds	21,685,000	12.68	0.01%
TOTAL METRO DEBT	**$254,820,000**	**$148.97**	**0.13%**

Debt ratios as of June 30, 2015

FY 2014-15 Estimated Real Market Value	**$200,973,327,077**
2014 Estimated Population	**1,710,536**

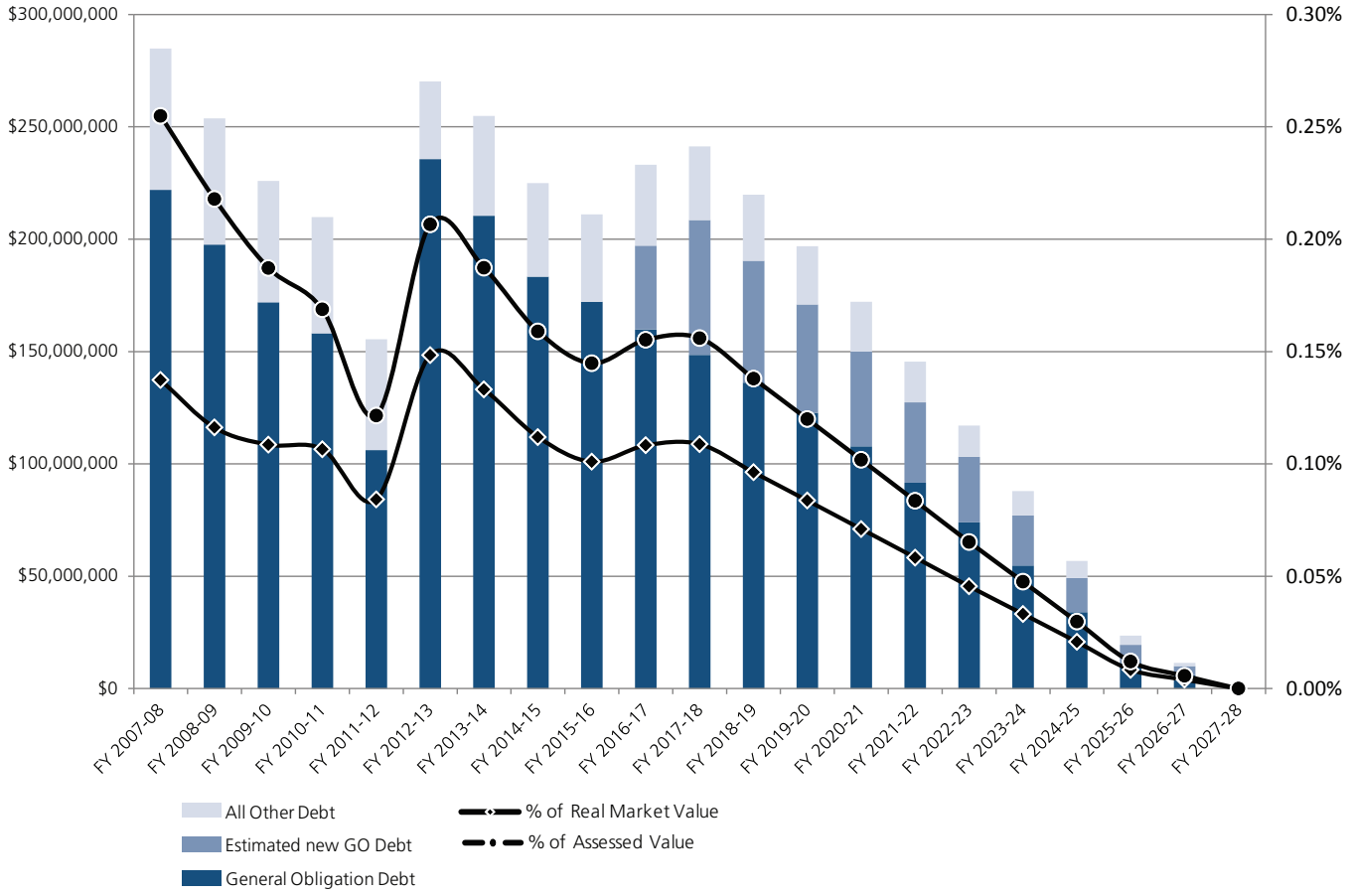
	Debt Outstanding	Debt per Capita	Debt as % of Real Market Value
General Obligation Debt	$183,290,000	107.15	0.09%
Full Faith & Credit Bonds	$20,345,000	11.89	0.01%
Pension Obligation Bonds	$20,975,000	12.26	0.01%
TOTAL METRO DEBT	**$224,610,000**	**$131.31**	**0.11%**

Debt limitation comparison

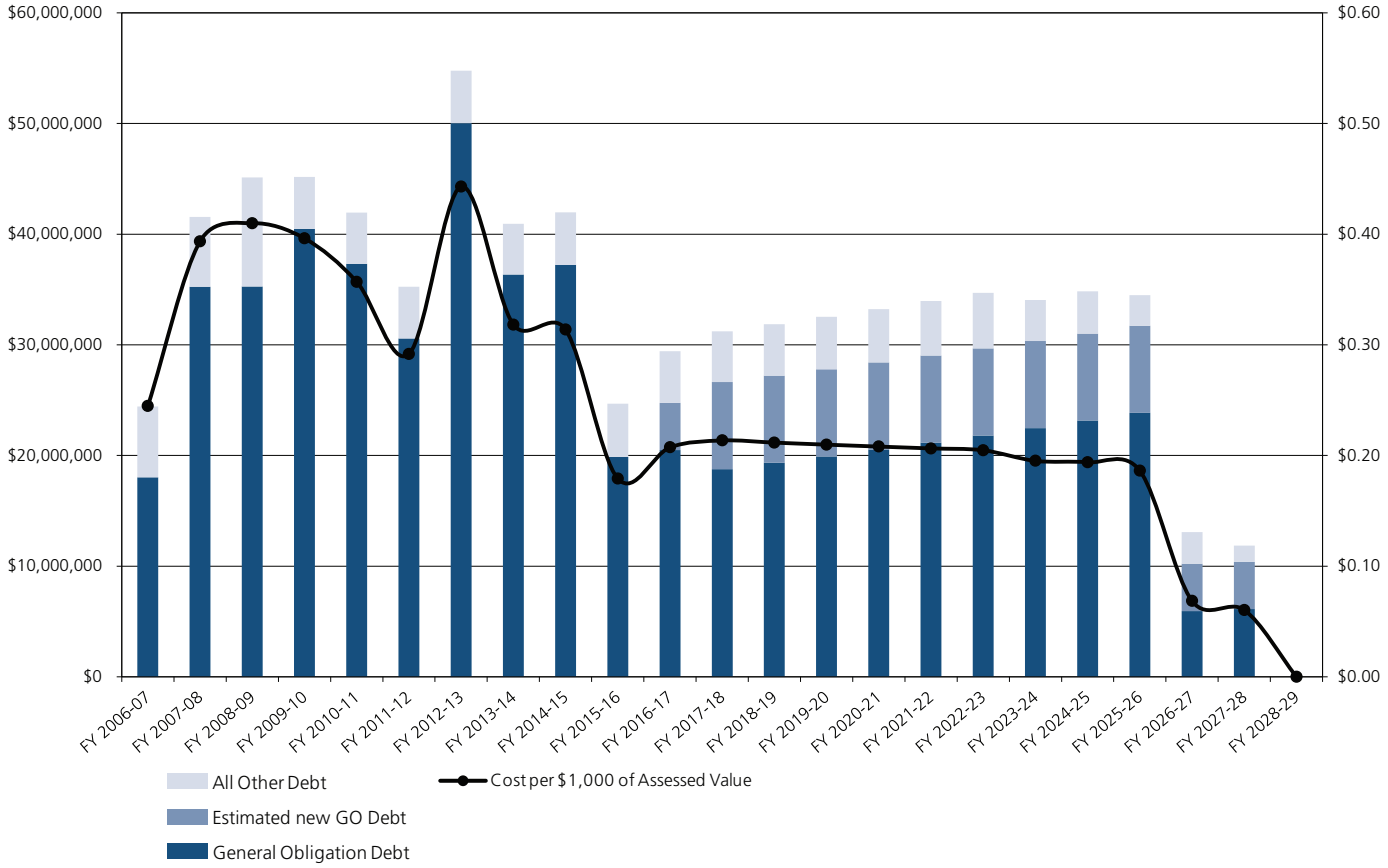
Statutory general obligation bond limit – 10 percent of Real Market Value

FY 2014-15 Estimated Real Market Value	200,973,327,077
General Obligation Debt Limit Percentage	10%
Statutory General Obligation Bond Limit	$20,097,332,708
Less General Obligation Debt Outstanding	$210,460,000
General Obligation Bond Limit Remaining	$19,886,872,708
Metro's General Obligation Debt Percentage	0.10%

Outstanding debt by fiscal year



Debt service payments by fiscal year



FY 2014-15 Summary of debt service payments

	Principal	Interest	Fiscal Year Debt Service
General Obligation Refunding Bonds			
Metro Washington Park Zoo Oregon Project 2005 Series	1,995,000	292,900	2,287,900
Open Spaces, Parks, and Streams 2012B Series	9,535,000	476,750	10,011,750
General Obligation Bonds			
Natural Areas 2007 Series	4,620,000	3,519,750	8,139,750
Natural Areas 2012A Series	5,350,000	3,219,950	8,569,950
Oregon Zoo Infrastructure 2012A Series	5,670,000	2,551,825	8,221,825
Full Faith & Credit Refunding Bonds			
2006 Series	735,000	453,050	1,188,050
2013 Series	1,595,000	170,393	1,765,393
Limited Tax Pension Obligation Bonds, Series 2005	710,000	1,076,381	1,786,381
TOTAL FY 2014-15 DEBT SERVICE PAYMENTS	**$30,210,000**	**$11,760,999**	**$41,970,999**

Capital Improvement Plan Summary

Metro

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 2014-15 through FY 2018-19, includes 176 projects with anticipated new spending of $216.4 million.

Each year, departments assess the condition of existing capital assets, the status of current capital projects and future capital needs. The Chief Operating Officer reviews budget requests 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 2014-15 through FY 2018-19

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 prior years. As in recent years, bond-funded projects dominate this year's CIP.

Total projects costs by organization unit

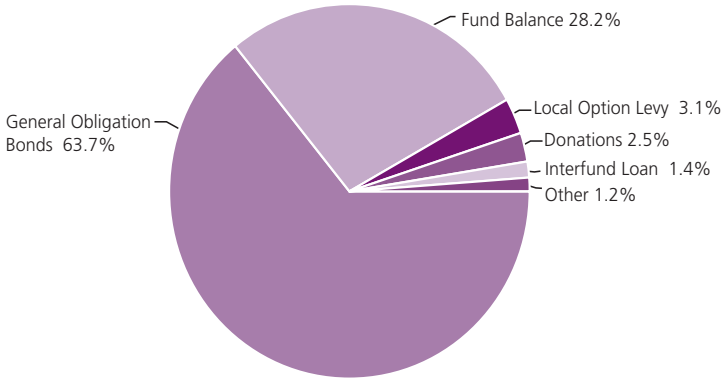
	Total Projects	Prior Years	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Total
Finance and Regulatory Services	2	$845,000	$264,800	$30,000	$30,000	$30,000	$30,000	$1,229,800
Information Services	6	557,000	917,385	469,250	185,000	486,700	413,250	3,028,585
Parks and Environmental Services	69	708,250	7,775,445	6,250,094	6,455,654	5,656,852	2,046,800	28,893,095
Sustainability Center	7	82,830,000	20,838,000	10,030,000	7,000,000	5,000,000	5,000,000	130,698,000
Visitor Venues- MERC	66	1,235,000	7,326,500	5,902,000	6,647,000	5,456,000	5,225,000	31,791,500
Visitor Venues- Oregon Zoo	26	18,207,966	38,243,704	29,892,700	13,139,463	13,312,120	12,356,672	125,152,624
TOTAL	**176**	**$104,383,216.00**	**$75,365,834.20**	**$52,574,043.69**	**$33,457,116.69**	**$29,941,671.69**	**$25,071,722.00**	**$320,793,604.27**
FIVE YEAR TOTAL, FY 2014-15 THROUGH FY 2018-19			**$ 216,410,388**					

Parks and Environmental Services spending includes solid waste, the Metro Regional Center and regional parks, including most parks spending under the Parks and Natural Areas Local Option Levy. The Sustainability Center includes bond funding for land purchases as well as several natural area projects funded by the local option levy. Projects at the Oregon Zoo 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'5 Centers for Arts and the Portland Expo Center. Most Information Services projects fund network infrastructure and agency software; Finance and Regulatory Services projects in this year's CIP fund projects related to solid waste responsibilities of FRS.

SOURCES OF FUNDS

Expected spending for the next five years is $216.4 million, funded as follows:

Major funding sources



General Obligation Bonds

The Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bond proceeds provide 64 percent of funding for CIP projects.

Fund balance

The second largest source of funds for capital projects, at 28 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. Fund Balance, including the Reserve for One-Time Expenditures, also supports new capital projects.

Local Option Levy

The Parks and Natural Areas Local Option Levy will make up about 3.1 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 this year reflect contributions from the Oregon Zoo Foundation, targeted to specific projects.

Interfund Loans and Other

An interfund loan from the Solid Waste Fund will provide funding for two projects at the zoo: the Steller Cove Renovation and the Zoo Train Renovation. The loan will be repaid with interest by the zoo over 10 years. Other funding, at about one percent of the total, consists primarily of projects in future years that do not yet have an identified funding source. Should these projects remain an agency priority, a funding source will be identified.

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

Financial Policies

Metro

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2014-15 THROUGH 2018-19, APPROVING THE METROPOLITAN TOURISM OPPORTUNITY COMPETITIVENESS ACCOUNT PROJECTS AND RE-ADOPTING METRO'S FINANCIAL POLICIES	))))))	RESOLUTION NO. 14-4535 Introduced by Martha Bennett, Chief Operating Officer, in concurrence with Council President Tom Hughes

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 2014-15 through 2018-19 that projects Metro's major capital spending needs over the next five years;

WHEREAS, the Metro Council has reviewed the FY 2014-15 through FY 2018-19 Capital Improvement Plan; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2014-15 budget including the FY 2014-15 through FY 2018-19 Capital Improvement Plan; and

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

WHEREAS, the Metro Council annually approves funding from the Metropolitan Tourism Opportunity Competitiveness Account (MTOCA); now therefore

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

1. That the FY 2014-15 through FY 2018-19 Capital Improvement Plan (CIP), summarized in Exhibit A, is hereby adopted.

2. That the FY 2014-15 capital projects from the FY 2014-15 through FY 2018-19 Capital Improvement Plan be included and appropriated in the FY 2014-15 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 2014-15 budget.

4. That MTOCA funding for the Oregon Convention Center and the Expo Center for FY 2014-15 is approved.

ADOPTED by the Metro Council this 19th day of June

Tom Hughes, Metro Council President

Approved as to Form:

Alison R. Kean, 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.

Section 1: Purpose

1.1 The Capital Asset Management 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. Metro's 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.

1.2 The capital asset planning process applies to projects of $50,000 or more and having a useful life of at least five years. These projects include capital maintenance tasks that increase the life of the asset on assets with values of $50,000 or more. In addition, the planning process includes information technology items over $50,000 that may have a useful life of less than five years.

1.3 Metro's Capital Asset Management Policy shall be governed by the following principles:

1.3.1 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.

1.3.2 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.

1.3.3 Metro shall establish a Renewal and Replacement Reserve account for each operating fund responsible for major capital assets. Renewal and Replacement includes any activity that serves to extend the useful life or increase the efficiency of an existing asset, while retaining its original use. Ensuring that the public receives the maximum benefit for its investments in major facilities and equipment requires an ongoing financial commitment.

1.3.4 Capital and renewal and replacement projects shall support Metro's MWESB procurement goals, including the Sheltered Market and FOTA program and the goals of Metro's Diversity Action Plan.

1.3.5 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. Debt financing should be utilized only for new projects or complete replacement of major capital assets.

1.3.6 Capital and renewal and replacement projects should support implementation of Metro's Sustainability Plan.

1.3.7 Projects shall be analyzed in light of environmental, regulatory, economic, historical and cultural perspectives, as well as the capacity of the infrastructure and the availability of resources for ongoing maintenance needs.

1.3.8 All approved capital projects shall be consistent with relevant goals and strategic plans as adopted by departments, the Metropolitan Exposition-Recreation Commission ("MERC"), or the Metro Council.

1.3.9 A financial feasibility analysis shall be performed before any capital project, regardless of cost, is submitted to the Metro Council, MERC Commission, Chief Operating Officer, or General Manager of Visitor Venues for approval. The financial feasibility analysis shall include an analysis of the financial impact on the operating fund balance, return on investment, the availability and feasibility of funding sources, and cost estimates for the capital project. The analysis shall also identify the financial impact of the following requirements:

1.3.9.1 Any public art funding requirements imposed by the Metro Code, the facility's owner, or any other applicable law;

1.3.9.2 All required licenses, permits, certificates, design approval documents, and similar documents required by any authority; and

1.3.9.3 Any contractual or legal requirements that apply to the proposed capital project.

1.3.10 In the capital project planning and review process, the Metro Council, MERC Commission, Chief Operating Officer, and General Manager shall be guided by the following financing principles:

1.3.10.1 Funds shall be expended only on capital projects that meet identified strategic priorities.

1.3.10.2 Funds shall be expended only on capital projects for which an analysis of funding options has been conducted. This analysis shall include evaluation of all funding options (donations, revenue generation by the project, intrafund transfers, proposed borrowing), and an analysis of the capital project's strategic priority, useful life, revenue sources, and repayment options.

1.3.10.3 Funds shall be expended only on new projects that include identified and protected funding sources for a renewal and replacement reserve to ensure that the value of the capital asset can be maintained.

1.3.10.4 Funds shall be expended only on projects for which a funding source for operational requirements has been identified.

1.3.10.5 Metro's Adopted Budget should include undesignated contingency funds to permit MERC and other departments with capital project responsibilities to respond to unexpected events or opportunities.

Section 2: Definitions

2.1 Capital asset – An item permanent in nature with future service capacity and used in operations, having an initial useful life of over one year, tangible or intangible, and held for purposes other than investment or resale with a cost (or fair market value if donated) equal to or greater than the capitalization threshold established for the asset category included later in this policy.

2.2 Capital maintenance – Expenditures for repair and maintenance services not provided directly by Metro personnel. These costs are relatively minor alterations, ordinary and routine repair or effort necessary to preserve or repair an asset due to normal wear and tear so that it achieves its initial planned useful life. While not capitalized, significant capital maintenance projects (those with costs equal to or greater than $50,000) must be included in the CIP and obtain Council authorization.

2.3 Total cost accounting – An analysis that includes the total initial acquisition cost of an asset as well as all operating costs for the expected useful life of the asset.

2.4 Renewal and replacement – Construction, reconstruction or major renovation on capital assets. Renewal and replacement does not include relatively minor alteration, ordinary repair or maintenance necessary to preserve or repair an asset.

2.5 Return on investment (ROI) – A calculation of the financial gains or benefits that can be expected from a project. ROI is represented as a ratio of the expected financial gains (benefits) of a project divided by its total costs.

Section 3: New Capital Projects

3.1 All new capital projects over $50,000 must be approved as part of the annual budget process. New project requests must comply with any other applicable Metro program or process requirements, including all Construction Project Management Office requirements and Metro's Green Building Policy.

3.2 New projects over $50,000 identified during the course of the fiscal year require approval as follows:

3.2.1 If the project does not require additional budgetary authority, the project may be approved by the Chief Operating Officer, or their designee;

3.2.2 If the project requires additional budgetary authority, the project must be approved by the Metro Council.

3.2.3 For Capital projects with a total anticipated cost of less than $100,000 at the MERC venues, the General Manager of Visitor Venues may approve the project if sufficient budgetary authority is available.

3.2.4 Any capital project at the MERC venues with a total anticipated cost of $100,000 or more also requires approval by the MERC Commission.

3.3 Emergency capital projects may be approved as follows:

3.3.1 The Chief Operating Office or their designee may approve capital projects with a total anticipated cost of $50,000 or more.

3.3.2 The MERC Commission delegates to the General Manager or their designee the authority to approve capital projects with a total anticipated cost of $100,000 or more.

3.3.3 In the event an emergency capital project is approved, that approval shall be reported as follows:

3.3.3.1 The Chief Operating Officer shall report the approval to the Metro Council.

3.3.3.2 The General Manager shall report the approval to the MERC Commission at the next regular Commission Meeting.

Section 4: Renewal and Replacement

4.1 The intent of Renewal and Replacement reserves is to ensure that sufficient resources are available for capital maintenance or replacement so that Metro's capital assets meet or exceed their estimated useful life. The Renewal and Replacement Reserve for each operating fund with major capital assets should initially be established based on the value of the asset and consideration of known best asset management practices.

4.2 General Guidelines – Renewal and replacement reserves and projects should be managed according to the following guidelines:

4.2.1 Renewal and replacement reserves are not intended to fund major capital assets such as building replacements or significant structural upgrades.

4.2.2 Renewal and replacement reserves are not intended to fund routine maintenance activities. Routine maintenance should be included in facility operating budgets. If routine maintenance costs for an asset are increasing, renewal and replacement projects may be moved forward in the schedule if the project can be shown to reduce operating and/or maintenance costs.

4.2.3 Facility managers should perform annual facility assessments to review renewal and replacement schedules.

4.2.4 All renewal and replacement projects should incorporate sustainability features that support Metro's sustainability goals, support adopted policies such as the Green Building Policy and Sustainable Procurement Policy and be evaluated on a total cost accounting basis relative to less sustainable options.

4.2.5 New capital projects should be added to renewal and replacement lists upon completion. Asset replacement costs shall initially be based on original asset costs. In future revisions, replacement costs shall be based on acquiring a new asset of equal utility. Increased sustainability features such as efficiency improvements or design changes (e.g. green roof vs. traditional roof design) are not increases in asset utility. Increased estimated replacement costs based on new or improved sustainability features shall be considered in the budget process.

4.2.6 On an annual basis, the Finance and Regulatory Services Director shall determine the minimum asset value for projects to be included in renewal and replacement reserves.

4.2.7 For General Fund assets, the renewal and replacement reserves should be managed to ensure sufficient funding is available to complete all projects for the next 10 years. Enterprise fund renewal and replacement accounts should be managed to ensure that annual contributions are sufficient to fund renewal and replacement projects on an ongoing basis.

4.3 Budget Process – During the annual budget process, Department Directors shall submit a list of proposed renewal and replacement projects as part of the annual budget process. The renewal and replacement project lists shall include:

4.3.1 Cost estimates for all renewal and replacement projects (including projects carried forward from the prior year) that can be reasonably expected to be completed in the following fiscal year.

4.3.2 Cost estimates for design and/or engineering work necessary to develop the scope and cost of construction project estimates for future renewal and replacement projects.

4.3.3 Any projects with cost estimates above previous replacement cost estimates based on the inclusion of sustainability features in the project design that increase the initial cost of the project.

4.4 Renewal and replacement projects shall be included in aggregate in the Capital Improvement Plan for the Proposed Budget for Council Review.

4.5 Capital Asset Advisory Committee

4.5.1 The Capital Asset Advisory Committee is responsible for providing recommendations to the Director of Finance and Regulatory Services and the Financial Planning Division on the ongoing management of the renewal and replacement reserves for each major fund. The Advisory Committee shall be composed of the following positions (or Designee):

- Capital Budget Coordinator, Finance and Regulatory Services (Chair)
- Finance Manager, Oregon Zoo
- Finance Manager, MERC Venues
- Finance Manager, Parks and Environmental Services (PES)/ Sustainability Center
- Program Director, Parks and Property Stewardship (PES)
- Program Director, Solid Waste Operations (PES)
- Program Director, Natural Areas Program (Sustainability Center)
- Deputy Director, Oregon Zoo Operations
- cPMO Manager, Agency Construction Projects
- Director, Information Services Department

4.5.2 The Committee's responsibilities shall include:

4.5.2.1 Reviewing project lists, changes to project lists and requests for unfunded sustainability improvements to existing projects not already approved by a Budget Committee or other formal advisory group.

4.5.2.2 Providing a recommended renewal and replacement list to the Finance and Regulatory Services Director for inclusion in the Proposed Budget.

4.5.2.3 Providing an annual recommendation to the Finance and Regulatory Services Director for the minimum asset value for the following year.

4.5.2.4 Reviewing the Capital Asset Management Policies annually.

Section 5: Capital Improvement Plan (CIP)

5.1 Metro will 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 CIP includes all Capital and Renewal and Replacement projects with a budget of $100,000 or more.

5.2 Updates to the CIP may be made at any point during the fiscal year. Updates are required under the following circumstances:

5.2.1 New projects (over $100,000) that are identified during the fiscal year and need to be initiated prior to the next fiscal year;

5.2.2 Actual or anticipated expenses for projects included in the current year adopted budget increase more than 20% above the original project budget if the original budget amount is less than or equal to $1,000,000 or 10% if the original budget amount is greater than $1,000,000 ;

5.2.3 Actual or anticipated expenses for projects included in the current year adopted budget require an increase in budget appropriation, regardless of the amount of increase above the original project budget.

Section 6: Sustainability

6.1 All project proposals for new capital projects and renewal and replacement projects shall describe how the project supports Metro's Sustainability Plan in its efforts to reduce the environmental impact of Metro operations. When assessing capital or renewal and replacement projects for funding or prioritization, the following sustainability criteria should be applied:

6.1.1 Use total cost of ownership to create project budget projections that consider the costs of operating the asset for its entire useful life, not just the initial costs.

6.1.2 Utilize the prioritization criteria in Metro's Sustainability Plan:

6.1.2.1 Strong impacts on Metro's sustainability goals (greenhouse gas emissions, toxics, waste, water quality and habitat)

6.1.2.2 Provide a strong foundation for future sustainable operations work

6.1.2.3 Leverage other investments (internal or external)

6.1.2.4 Present a strong return on investment (ROI)

6.1.2.5 Reduce operations and maintenance costs over time

6.1.2.6 Provide strong public visibility and/or public education opportunity

6.1.2.7 Support the region's economy

6.1.3 Support the requirements and preferred qualifications of Metro's Green Building and Sustainable Procurement administrative procedures.

6.1.4 Prioritize projects that, through their implementation, support Metro's MWESB procurement goals, including the Sheltered Market and FOTA programs and related goals of Metro's Diversity Action Plan.

6.1.5 Consider economic benefits or return on investment (i.e. simple payback) on projects that have a financial benefit to Metro over the life of the investment.

6.2 Capital and renewal and replacement projects should be incorporated into the site-specific work plans developed for each facility that indicate how the Sustainability Plan will be implemented.

Section 7: Reporting

7.1 Capital project budget and actual reporting and status reports shall be provided as follows:

7.1.1 Departments shall report to the Chief Operating Officer or designee quarterly;

7.1.2 The General Manager shall report to the MERC Commission quarterly;

7.1.3 The Director of Finance and Regulatory Services shall report to the Metro Council twice annually.

Metro

Organizational summary

Organizational Summary D-2

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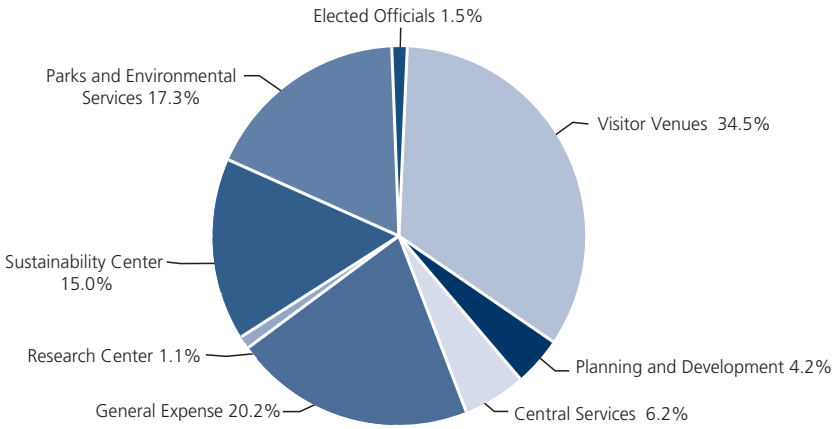
Organizational summary

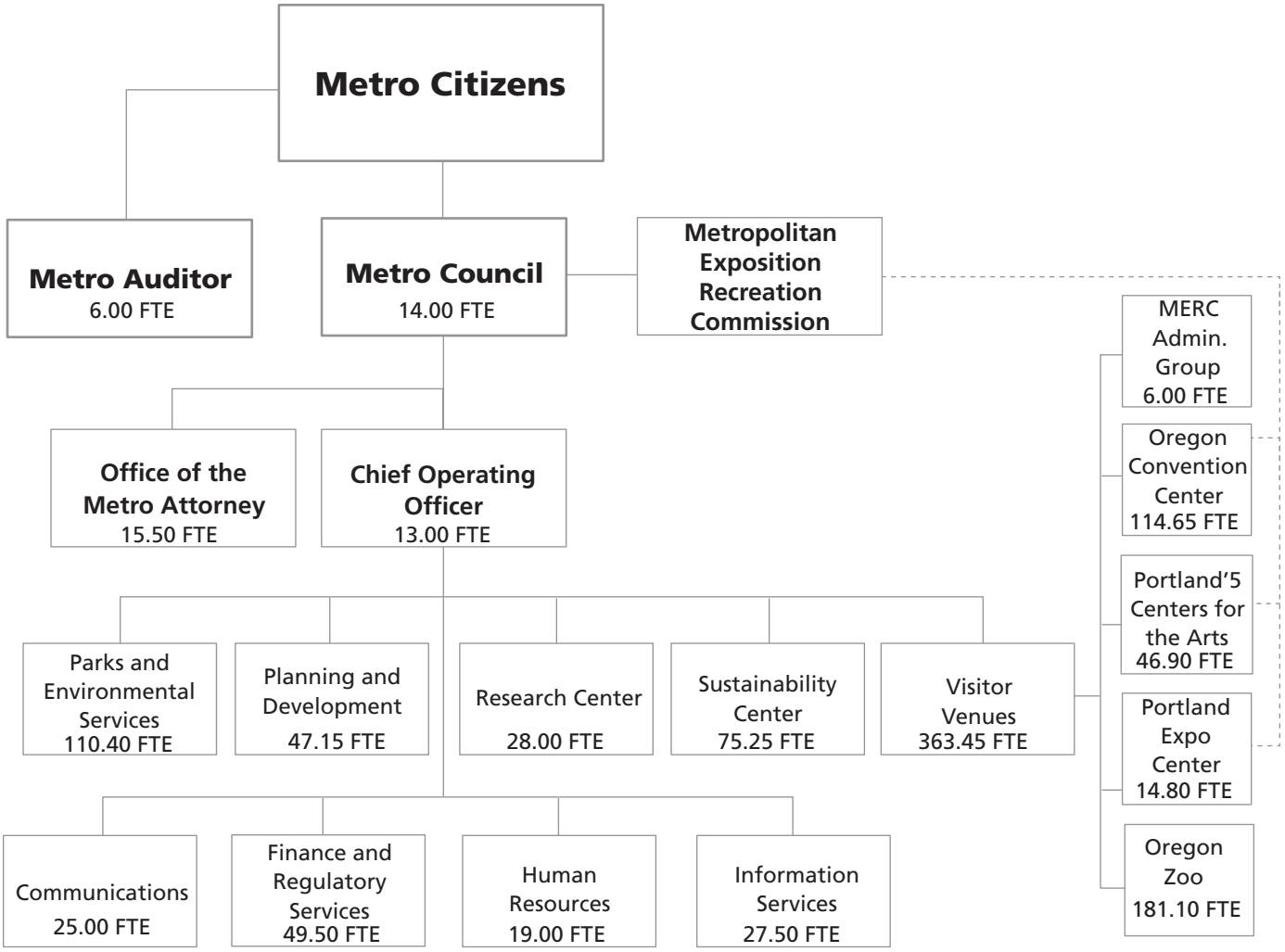
	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	76,388,506	75,457,497	84,058,532	85,706,058	85,706,058	85,996,314	2.31%
Materials and Services	96,023,271	99,065,662	126,233,282	129,174,117	129,174,117	130,460,316	3.35%
Capital Outlay	28,293,890	25,753,073	67,467,855	71,922,028	71,922,028	73,909,461	9.55%
Debt Service	64,941,026	67,285,032	40,937,068	41,971,000	41,971,000	41,971,000	2.53%
Inernal Service Transfers	2,835,328	3,718,221	5,000,442	2,133,033	2,133,033	2,133,033	(57.34%)
Interfund Reimbursements	9,167,136	10,118,777	9,885,541	11,578,312	11,578,312	11,578,312	17.12%
Fund Equity Transfers	9,933,379	6,544,607	6,311,365	8,288,765	8,288,765	8,288,765	31.33%
Interfund Loans	-	-	2,670,800	3,472,940	3,472,940	3,472,940	30.03%
TOTAL	**287,582,536**	**287,942,869**	**342,564,885**	**354,246,253**	**354,246,253**	**357,810,141**	**4.45%**
BUDGET BY ORGANIZATION							
Communications	2,486,980	2,547,339	2,701,648	3,061,345	3,061,345	3,086,345	14.24%
Council	3,218,601	3,585,722	3,938,637	4,440,981	4,440,981	4,612,781	17.12%
Finance and Regulatory Services	7,384,858	7,653,388	9,425,242	9,397,228	9,397,228	9,437,228	0.13%
Human Resources	1,954,162	2,034,937	2,219,337	2,477,432	2,477,432	2,477,432	11.63%
Information Services	3,636,533	3,693,842	4,584,183	4,703,522	4,703,522	4,951,122	8.00%
Non-Departmental	87,230,825	87,300,230	69,531,600	72,350,484	72,350,484	72,375,484	4.09%
Office of Metro Attorney	1,901,399	1,786,305	2,061,480	2,147,681	2,147,681	2,202,018	6.82%
Office of the Auditor	663,772	655,508	725,382	748,190	748,190	748,190	3.14%
Parks and Environmental Services	48,204,331	50,753,557	61,210,831	61,374,634	61,374,634	61,741,493	0.87%
Planning and Development Department	9,240,393	7,419,602	14,216,023	14,894,485	14,894,485	15,094,485	6.18%
Research Center	4,189,141	3,792,545	3,644,374	3,950,995	3,950,995	3,950,995	8.41%
Sustainability Center	38,990,365	29,426,745	51,482,766	52,754,436	52,754,436	53,691,773	4.29%
Visitor Venues - Expo Center	5,960,671	5,982,173	7,436,213	6,611,239	6,611,239	6,975,739	(6.19%)
Visitor Venues - MERC Administration	1,654,827	1,394,222	1,623,055	1,326,848	1,326,848	1,326,848	(18.25%)
Visitor Venues - Oregon Convention Center	25,353,269	27,862,935	31,831,928	31,742,380	31,742,380	31,982,380	0.47%
Visitor Venues - Oregon Zoo	35,780,857	41,751,237	64,923,101	69,930,457	69,930,457	70,415,412	8.46%
Visitor Venues - Portland'5 Centers for the Arts	9,731,553	10,302,582	11,009,083	12,333,916	12,333,916	12,740,416	15.73%
TOTAL	**287,582,536**	**287,942,869**	**342,564,885**	**354,246,253**	**354,246,253**	**357,810,141**	**4.45%**
Contingency	-	-	54,637,780	77,501,961	77,501,961	77,994,192	42.75%
Unappropriated Fund Balance	302,267,337	270,798,054	95,388,035	49,036,660	49,036,660	48,036,660	(49.64%)
TOTAL BUDGET	**589,849,873**	**558,740,923**	**492,590,700**	**480,784,874**	**480,784,874**	**483,840,993**	**(1.78%)**
FULL-TIME EQUIVALENTS	**755.49**	**749.14**	**765.79**	**785.25**	**785.25**	**793.75**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**27.96**

Organizational summary



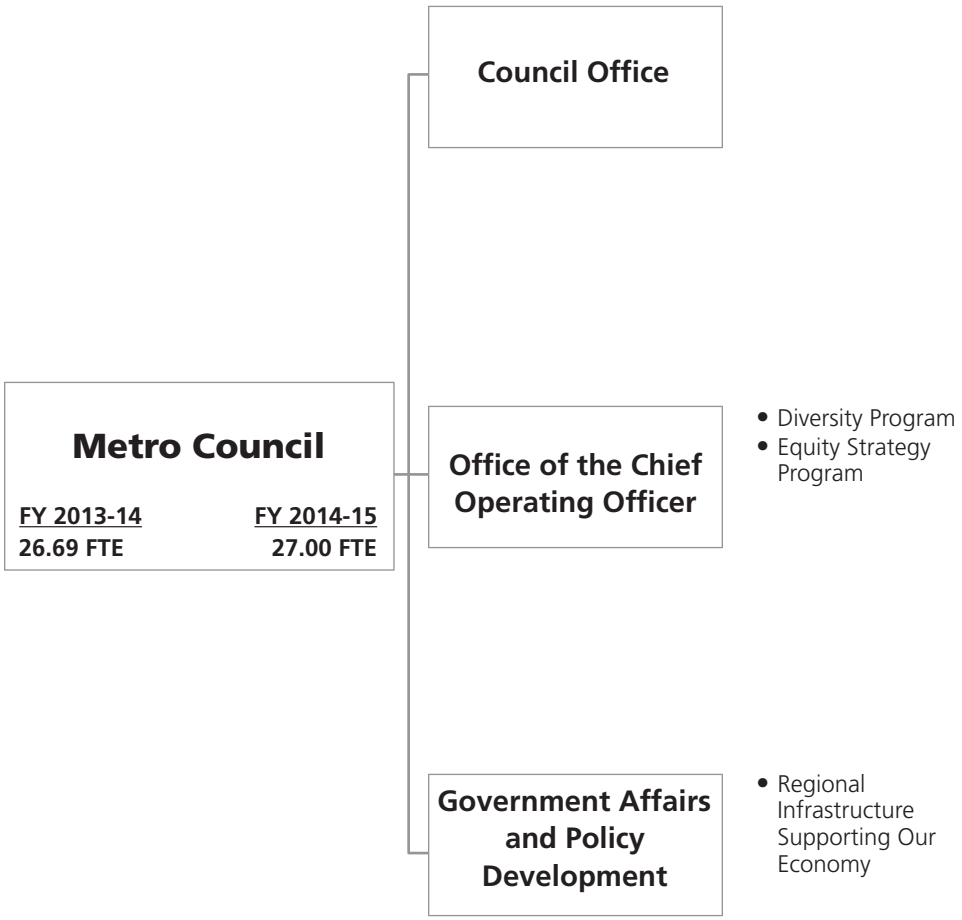
Total expenditures: $357,810,141

Organizational Chart



FY 2013-14 Total FTE – 765.79
FY 2014-15 Total FTE – 793.75

Metro


Metro Council
FY 2013-14
26.69 FTE
FY 2014-15
27.00 FTE
Council Office
Office of the Chief Operating Officer
• Diversity Program
• Equity Strategy Program
Government Affairs and Policy Development
• Regional Infrastructure Supporting Our Economy

Summary of Metro Council

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	2,701,738	3,196,573	3,121,842	3,235,399	3,235,399	3,235,399	3.64%
Materials and Services	516,863	389,148	816,795	1,205,582	1,205,582	1,377,382	68.63%
TOTAL	**3,218,601**	**3,585,722**	**3,938,637**	**4,440,981**	**4,440,981**	**4,612,781**	**17.12%**
BUDGET BY FUND							
General Fund	3,218,601	3,585,722	3,938,637	4,440,981	4,440,981	4,612,781	17.12%
TOTAL	**3,218,601**	**3,585,722**	**3,938,637**	**4,440,981**	**4,440,981**	**4,612,781**	**17.12%**
FULL-TIME EQUIVALENTS	**25.38**	**26.39**	**26.69**	**27.00**	**27.00**	**27.00**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**0.31**

Metro Council

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.

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.

Regional Infrastructure Supporting our Economy (RISE) – The key conclusion of the three-year Community Investment Initiative was for Metro to work with regional partners to increase public investment in infrastructure to leverage private investment and jobs. This program supports Metro's efforts to advance on-going programs and develop new regional partnerships to leverage development.

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

- Added funding for a temporary employee to support the Charitable Giving Campaign.
- Dedicated funding for federal lobbying support.
- Increased Program Analyst III position in the Equity Program from 0.5 FTE to 1.0 FTE.
- Converted temporary administrative position to 1.0 FTE regular status administrative position to support RISE and Government Affairs and Policy Development.
- Dedicated funding for strategic real estate services in support of RISE.

PERFORMANCE MEASURES

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

11/12	12/13	13/14	*14/15*	*15/16*	*16/17*	*17/18*
NA*	**78.2%**	81%	*82.5%*	*84%*	*85%*	*86%*

*Data generated by Sightlines survey is conducted biennially.

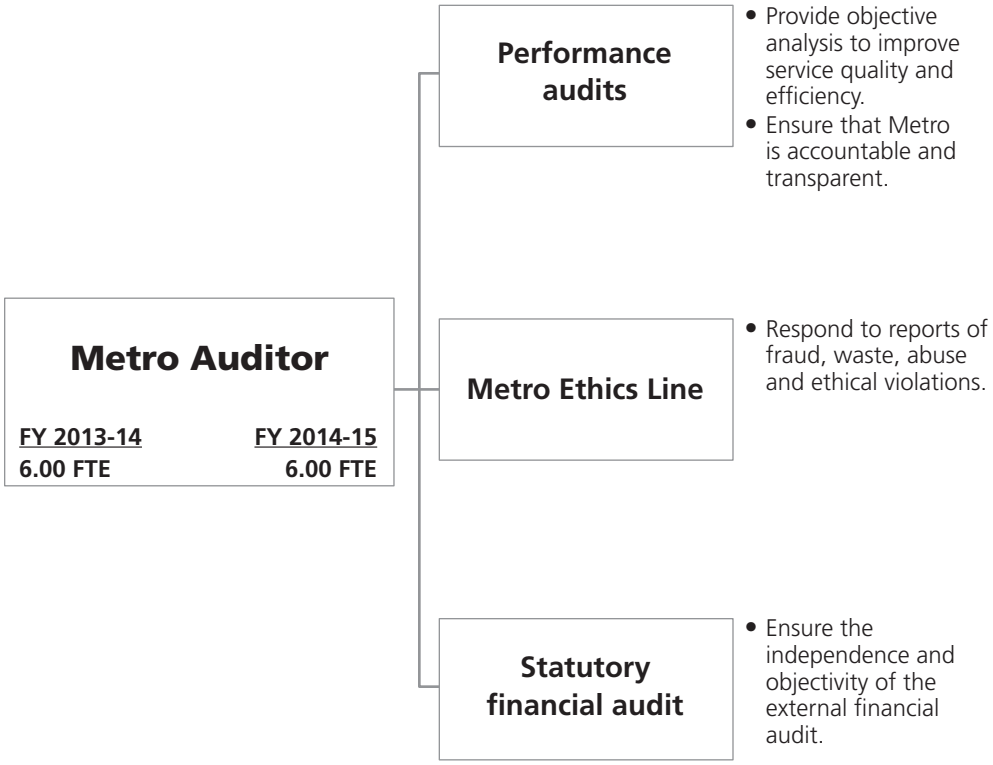
PROGRESS ON FY 2013-14 KEY OBJECTIVES

- Gained approval of the Visitor Facilities Trust Agreement IGA by city and county that updated tourism facility and program funding priorities. Metro Council approved Visitor Facilities Trust Agreement IGA and Oregon Convention Center Hotel term sheet.
- Appointed 13 representatives to serve on the Equity Strategy Advisory Committee, and selected six community-based organizations to work on defining equity indicators.
- Developed and executed the 2014 legislative agenda, including far-reaching land use legislation.
- 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.
- The Community Investment Initiative Leadership Council completed its strategic plan recommending implementation of an assessment tool to foster development-ready communities in partnership with the Urban Land Institute; development of a GIS-based decision-making tool for school investment prioritization to be implemented by the Oregon Department of Education and the three Education Service Districts; development of principles for pursuing transportation funding from the 2015 Legislature and a business plan to develop the Regional Infrastructure Enterprise by Metro in partnership with local governments.

KEY OBJECTIVES FOR FY 2014-15

- Execute Metro's role in implementing the Regional Infrastructure Enterprise business plan as recommended by the Community Investment Initiative Leadership Council.
- Partner with state and regional transportation stakeholders to develop a transportation funding package and pursue its adoption by the 2015 Oregon Legislature.
- Develop and execute 2015 legislative strategy and agenda.
- Provide political leadership in the urban growth management process.
- 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.
- Complete management diversity training that will build on planned leadership diversity training from FY 2013-14.
- Develop Equity Baseline (Phase II of three year process) for the region's desired outcomes, and assist with ongoing equity related activities at Metro.
- Complete referral of charter language on single family residential neighborhoods.

Metro Auditor



Summary of Metro Auditor

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	639,243	624,133	689,411	711,500	711,500	711,500	3.20%
Materials and Services	24,529	31,375	35,971	36,690	36,690	36,690	2.00%
TOTAL	**663,772**	**655,508**	**725,382**	**748,190**	**748,190**	**748,190**	**3.14%**
BUDGET BY FUND							
General Fund	663,772	655,508	725,382	748,190	748,190	748,190	3.14%
TOTAL	**663,772**	**655,508**	**725,382**	**748,190**	**748,190**	**748,190**	**3.14%**
FULL-TIME EQUIVALENTS	**6.00**	**6.00**	**6.00**	**6.00**	**6.00**	**6.00**	
FTE CHANGE FROM FY 2013-14 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 departments 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.

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 inefficiency. 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.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
93.2%	**76%**	75%	*75%*	*75%*	*75%*	*75%*

Average hours per audit completed.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
801	**1,535**	794	*1,200*	*1,200*	*1,200*	*1,200*

Reports issued per FTE.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
1.5	**1.3**	1.8	*1.5*	*1.5*	*1.5*	*1.5*

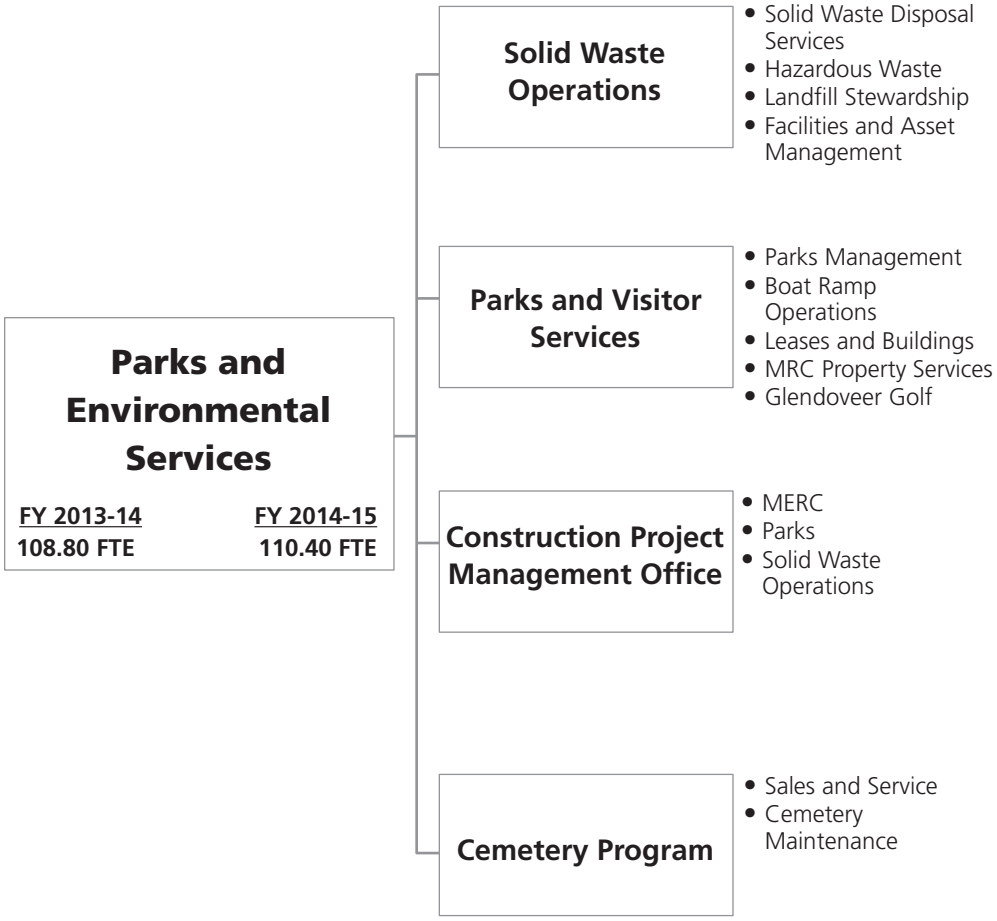
PROGRESS ON FY 2013-14 KEY OBJECTIVES

- After completing a large audit that took more than 5,000 auditor hours, the goal in FY 2013-14 was to schedule audits with a smaller scope and decrease the number of hours required per audit. A total of seven audits were completed and the average hours per audit have dropped to FY 2011-12 levels.

KEY OBJECTIVES FOR FY 2014-15

- Work with auditor-elect to achieve smooth transition in audit operations.

Parks and Environmental Services



Summary of Parks and Environmental Services

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	9,343,268	9,342,157	11,134,263	11,251,018	11,251,018	11,251,018	1.05%
Materials and Services	36,520,186	38,486,710	43,720,787	43,720,404	43,720,404	43,735,404	0.03%
Capital Outlay	2,340,877	2,924,690	6,355,781	6,403,212	6,403,212	6,755,071	6.28%
TOTAL	**48,204,331**	**50,753,557**	**61,210,831**	**61,374,634**	**61,374,634**	**61,741,493**	**0.87%**
BUDGET BY FUND							
General Fund	6,620,262	7,512,386	8,863,282	8,517,296	8,517,296	8,532,296	(3.73%)
General Asset Management Fund	1,144,343	2,511,164	2,517,915	1,973,486	1,973,486	2,092,045	(16.91%)
Parks and Natural Areas Local Option Levy Fund	-	-	2,296,543	3,883,354	3,883,354	3,883,354	69.10%
Smith and Bybee Wetlands Fund	51,970	62,754	65,000	65,000	65,000	65,000	0.00%
Solid Waste Fund	40,387,756	40,667,253	47,468,091	46,935,498	46,935,498	47,168,798	(0.63%)
TOTAL	**48,204,331**	**50,753,557**	**61,210,831**	**61,374,634**	**61,374,634**	**61,741,493**	**0.87%**
FULL-TIME EQUIVALENTS	**97.30**	**102.65**	**108.80**	**110.40**	**110.40**	**110.40**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**1.60**

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 Solid Waste Operations is to provide comprehensive solid and hazardous waste reuse, recycling, organics processing and disposal services to the public and commercial haulers. Solid Waste Operations 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.

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.

Cemetery Program – Metro owns, operates and maintains 14 historic cemeteries spread across 25 miles and totaling 66 acres. We continue to serve families in the community by memorializing and celebrating the lives of those who have contributed to the region throughout their lives. The program has a continued focus to ensure the properties have current relevance to the members of the communities they are located within, as well as offering greenspace to the entire area.

BUDGET ENVIRONMENT

The region's overall solid waste tonnage plummeted in FY 2008-09 as a result of the recession. It appears that the bottom has been reached for now, as tonnage increased in FY 2013-14 compared to the previous year. Slow but steady growth is expected to continue in FY 2014-15, but Metro's two transfer stations continue to receive a declining portion of the region's solid waste. Simultaneously, the agency is developing policies that reduce waste. Most recently and significantly, the diversion of food waste from the putrescible waste stream, such as the City of Portland's residential organics program, contributed to a boost in volume to Metro's transfer stations since that program was initiated in late 2011.

The Cemetery program remains focused on updating the amount and accuracy of information contained in the permanent records, increasing the professionalism and standards of operation, and ensuring the products and services offered by the program are in alignment with the desires and financial means of the communities we serve.

Parks and Environmental Services continues to focus on projects outlined in the Parks and Natural Areas Local Option Levy, passed by the voters in May 2013. The first year of planned levy projects are completed or nearing completion at Mason Hill Park, Blue Lake Park, Oxbow Park, Chinook Landing Marine Park and Cooper Mountain Nature Park. These and other ongoing investments in safety, maintenance efficiency upgrades, security and customer service improvements at Metro's developed parks will result in tremendous benefits to our patrons. The levy has also funded staffing enhancement to help implement the promises made to voters. Recent additions include new park rangers at both Blue Lake and Oxbow parks, and project management assistance for levy projects.

Significant work also continues at the Glendoveer Golf and Tennis Center. The new contracted operator at Glendoveer, CourseCo, just completed their first full year of operation at the site, which met with great success. Projects completed this year include renovation of the clubhouse, course maintenance improvements, maintenance facility and equipment upgrades, repair of the tennis center roof, construction of a cart barn to house a new fleet of electric golf carts to replace the aging gas fleet, driving range upgrades and many other smaller upgrades. The public response has been very positive, and we look forward to CourseCo.'s implementation of its Year 2 plans and continued growth and success.

SIGNIFICANT CHANGES IN THE BUDGET

- Added 1.0 FTE for Disaster Debris Planner to meet the need to lead the region's disaster debris management.
- Increased materials and services budget to meet contract needs for solid waste transfer, transport and disposal services.
- Increased contracted professional services budget to prepare and update the facility plan for Metro Central Transfer Station to identify capital projects to improve operations.
- Increased a 0.75 limited duration FTE to 1.0 FTE limited duration position in the Cemetery Program for FY 2014-15 to allow Metro to continue the work of historic internment rights and ownership in Metro's 14 historic cemeteries.
- Net effect increase of 0.4 FTE due to the direct administrative, finance and management support which is no longer an internal transfer to the General Fund.

PERFORMANCE MEASURES

Material recovery rate at Metro Central Transfer Station.

11/12	12/13	13/14	14/15	15/16	16/17	17/18
32.7%	**34%**	34%	*34%*	*34%*	*34%*	*34%*

Material recovery rate at Metro South Transfer Station.

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

Revenues as a percentage of total expenses at MetroPaint.

11/12	12/13	13/14	14/15	15/16	16/17	17/18
115%	**110%**	100%	*100%*	*100%*	*100%*	*100%*

Annual percentage increase in cemetery sales and service revenue.

11/12	12/13	13/14	14/15	15/16	16/17	17/18
10%	5%	5%	*10%*	*10%*	*10%*	*10%*

Revenues as a percentage of total direct expenses at Oxbow, Blue Lake and marine facilities.

11/12	12/13	13/14	14/15	15/16	16/17	17/18
66.5%	66.5%	65.5%	*65%*	*64.5%*	*64%*	*64%*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

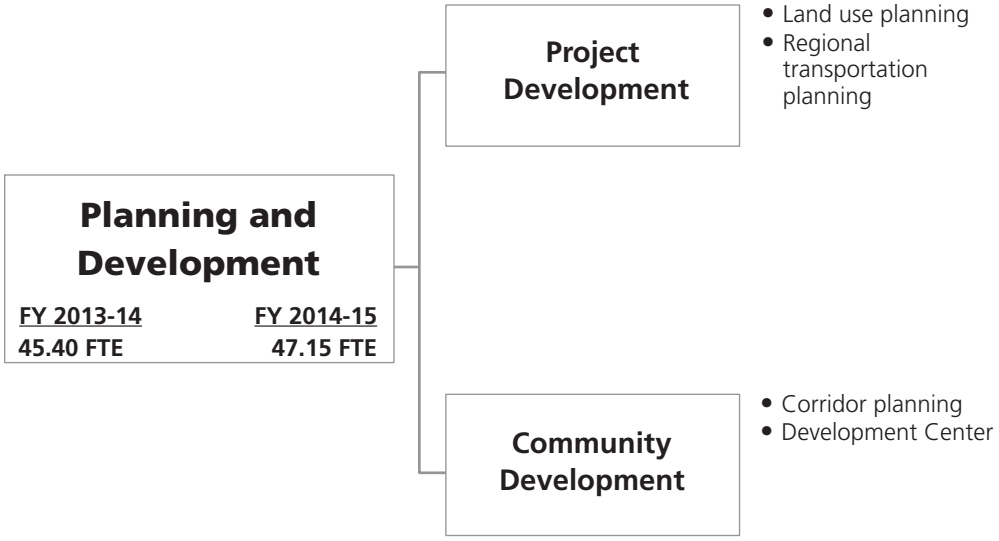
- Made significant progress on Solid Waste Roadmap with several projects and initial public engagement efforts beginning.
- Reached a settlement with the Oregon Mortuary and Cemetery board on an outstanding investigation. The settlement included the efforts being made in the program to reclaim burial rights that can be considered abandoned under SB1537, as well as addressing all burial rights that have been resold.
- Extended the PaintCare contract for recycling latex paint.
- 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. The first full year of operation under these two new agreements was completed, and met with tremendous success.
- Made significant progress delivering on the first year of the Parks and Natural Areas Local Option Levy work.

KEY OBJECTIVES FOR FY 2014-15

- Continue work on the Solid Waste Roadmap project.
- Complete engineering for storm water management facility at Metro Central Transfer Station.
- Implement sediment treatment project at the St Johns Landfill.
- Continue along the path of improved record keeping, customer service and professionalism in the Cemetery Program with the goal of re-building trust and increasing relevance of offerings to the community.
- Successfully implement the new projects and programs funded by the Parks and Natural Areas Local Option Levy.

Metro

Planning and Development



Summary of Planning and Development

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	5,986,498	5,218,129	5,750,677	5,786,761	5,786,761	5,786,761	0.63%
Materials and Services	3,253,895	2,201,472	8,465,346	9,107,724	9,107,724	9,307,724	9.95%
TOTAL	**9,240,393**	**7,419,602**	**14,216,023**	**14,894,485**	**14,894,485**	**15,094,485**	**6.18%**
BUDGET BY FUND							
General Fund	9,240,393	7,419,602	14,216,023	14,894,485	14,894,485	15,094,485	6.18%
TOTAL	**9,240,393**	**7,419,602**	**14,216,023**	**14,894,485**	**14,894,485**	**15,094,485**	**6.18%**
FULL-TIME EQUIVALENTS	**55.96**	**46.80**	**45.40**	**47.15**	**47.15**	**47.15**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**1.75**

Planning and Development

Planning and Development partners with public and private sector interests to build communities consistent with the Region 2040 Growth Concept and local goals. Our vision is to help develop great communities that meet our region's desired outcomes:

- Vibrant Communities
- Economic Prosperity
- Safe and Reliable Transportation
- Leadership on Climate Change
- Clean Air and Water
- Equity

The department also performs all of 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 (RTP).

MAJOR PROGRAMS

Community Development Division

Land Use Planning – Provides leadership in advancing and implementing the regional vision, the 2040 Growth Concept and local plans. The section's work leads to tangible changes to the built and natural environment through the creation of conditions that stimulate desired development.

Transportation System Planning – Includes 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.

Project Development Division

Corridor Planning – Connecting communities with investments in high capacity transit that help achieve local land use and development aspirations, improve congestion and mobility, and build the interconnected transportation and green space networks that link these communities together.

Development Center – Investing in catalytic Transit Oriented Development projects that achieve community goals and make transit more accessible; providing resources to downtowns to help spur revitalization and build thriving business districts.

BUDGET ENVIRONMENT

Planning and Development is in a transition period as the FY 2014-15 budget is developed. As the economy has generally improved locally and nationwide there are positive financial indicators. Overall revenues, for both general and restricted funds are increasing by $2.3 million or 10.4 percent. Federal grants are projected to increase by $1 million ($5,280,140) or 24 percent. Transit Oriented Development funding will also be increasing although by a more modest $86,500 ($2,975,000) or 3 percent. Federal funding is subject to action on authorization and appropriations this year. The current authorization bill expires in fall 2014 and must be extended. In recent years, the dedicated highway trust fund has been supplemented with General Fund revenues to meet authorization levels. Reductions in authorization or appropriation levels could impact funding but the current budget utilizes Congressional Budget Office forecasts.

SIGNIFICANT CHANGES IN THE BUDGET

- Added Senior Regional Planner (1.00 FTE) position for Strategic Sights Program in the Development Center.
- Added Assistant Engineer (1.00 FTE) position for Corridor Planning projects.
- Increased Senior Management Analyst position in Regional Transportation Planning from 0.60 to 1.00 FTE.

PERFORMANCE MEASURES

Project Development:

Southwest Corridor Refinement Plan – Percentage Completion.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
50%	**75%**	100%				

Number of District Revitalization Grants Awarded.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
0	**0**	0	*3*	*4*	*5*	*5*

Community Development:

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
26	**28**	28	*28*	*28*	*28*	*28*

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
2	**2**	2	*4*	*6*	*6*	*6*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

- Worked with partners to create development ready industrial sites, facilitated freight movement and workforce access to jobs, supported brownfield clean-up and promoted sustainable design and construction practices. Supported the Metropolitan Export Initiative with staff expertise and technical assistance.
- Supported Metro's growth management responsibility to accommodate the region's 20-year population and employment growth by preparing an Urban Growth Report (UGR), to be released as a draft in July 2014. The UGR provides the basis for the Council's growth management decision and includes 20-year population and employment forecasts, an assessment of the region's capacity to accommodate growth, a housing needs analysis and more.
- Completed refinement phase in Southwest Corridor, resulting in narrowed set of high capacity transit options to proceed to formal environmental impact process in July 2014. Formed Implementation and Development Southwest public-private partnership group to advance other elements of Shared Investment Strategy, including Development Strategy and Transportation Plan early opportunities.
- Formally commenced Powell-Division transit and development project in partnership with the City of Portland, the City of Gresham, Multnomah County, TriMet and ODOT. Established Steering Committee of public, private, and community representatives to develop collaborative recommendations for implementation.
- Completed FTA Economic Predictive Model analysis project. Now working with partners to create methodology to apply economic model to policy and development activities including City of Portland Comprehensive Plan, Regional Transportation Plan and High Capacity Transit Plan.

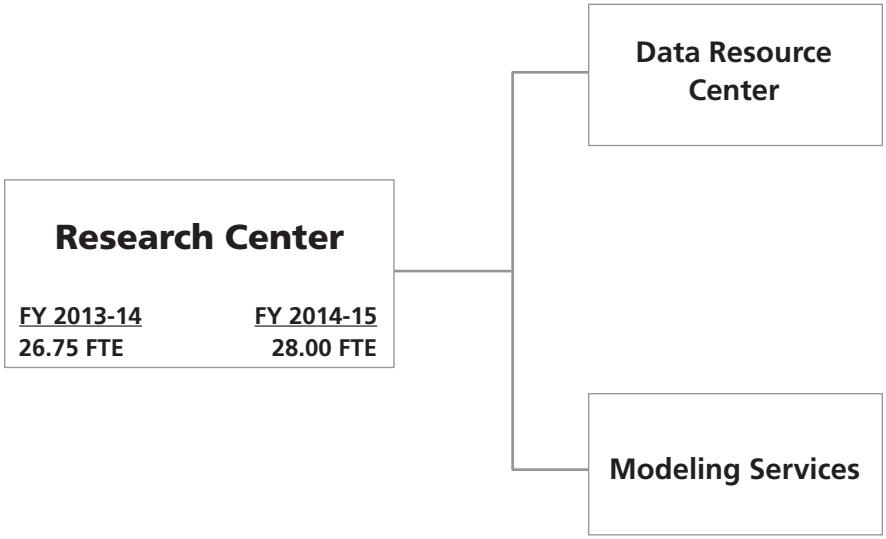
- Created formal work plan and established program guidelines for the District Revitalization program, focused on engaging property owners, businesses and local partners in targeted efforts to catalyze and sustain downtown redevelopment.
- Updated and implemented a performance-based Regional Transportation Plan (RTP), the region's blueprint for a multi-modal transportation system. The RTP is expected to be adopted in July 2014.
- Worked with the Metro Council, MPAC, JPACT, stakeholder groups, local communities and others to develop a strategy that creates more walkable communities, grows the regional economy and expands transportation options as part of the region's response to climate change. The project is currently on track to meet legislative and administrative mandates in 2014.

KEY OBJECTIVES FOR FY 2014-15

Several crucial initiatives and projects will remain on the department's work plan in FY 2014-15. They include:

- Adopt the RTP, focused primarily on currently adopted investments that support the region's economy, foster vibrant communities and expand safe and affordable transportation options.
- Produce the Urban Growth Report, which helps determine if there is long-term regional growth capacity through a supply and demand analysis, research on residential preferences and a review of how current economic conditions inform the forecast.
- Develop the Southwest Corridor Plan, from Portland to Sherwood with various stops between, focused on a narrowing set of transportation options and investments including possible high capacity transit made up of bus rapid transit or light rail.
- Develop the Powell-Division Corridor study: kicked off in fall 2013, it evaluates a variety of transportation improvements in a corridor reaching 15 miles from Portland to near Mt. Hood Community College in Gresham.
- Complete the Active Transportation Plan, which incorporates a variety of regional transportation goals and targets that seek to improve the area's pedestrian and bicycle connectivity.
- Formalize a work plan for the District Revitalization program to spur private investment in the region's downtowns and mainstreets and implement the 2040 plan.
- Implement the Transit Oriented Development Program Strategic Plan by making direct investments through public-private partnerships throughout the region, increasing transit ridership and facilitating compact urban form.

Research Center



Summary of the Research Center

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	3,296,539	3,302,530	3,121,499	3,408,704	3,408,704	3,408,704	9.20%
Materials and Services	892,602	490,015	522,875	542,291	542,291	542,291	3.71%
TOTAL	**4,189,141**	**3,792,545**	**3,644,374**	**3,950,995**	**3,950,995**	**3,950,995**	**8.41%**
BUDGET BY FUND							
General Fund	4,189,141	3,792,545	3,644,374	3,950,995	3,950,995	3,950,995	8.41%
TOTAL	**4,189,141**	**3,792,545**	**3,644,374**	**3,950,995**	**3,950,995**	**3,950,995**	**8.41%**
FULL-TIME EQUIVALENTS	**31.47**	**29.25**	**26.75**	**28.00**	**28.00**	**28.00**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**1.25**

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 partners in government, academic institutions and the private sector. 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 in support of regional decision making.

MAJOR PROGRAMS

Data Resource Center – The Data Resource Center (DRC) is the steward of the agency's regional information assets. At the core of the data assets is the Geographic Information System (GIS) data as housed in the Regional Land Information System (RLIS). In addition, the Data Resource Center client services staff employ this information to provide spatial analysis and mapping products for internal and external clients.

Modeling Services – Transportation and land use modeling comprise the 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 2014-15:

> Implementing the strategic plan: The plan requires shifting focus and resources to better position the department to manage the data and modeling assets of the agency in the most efficient and effective way. Changes in the department funding model will increase the capacity and flexibility of the organization to meet the increasingly sophisticated data needs of departments and regional decision makers. This shift in direction was the primary area that influenced development of the budget for FY 2014-15.
>
> Data to Decisions: A major challenge for department management is to ensure that data, modeling and analysis are aligned with the goals and requirements for regional policy development. Management will need to leverage the existing capacity of the organization as it provides sophisticated data and modeling to customers and clients. The effort requires focusing on select new or improved data and tools which can provide relevant, accurate and accessible information for policy analysis and decision making. This will ensure that agency resources and investments yield products of the highest value to Council, staff and the public.

Data Resource Center – In FY 2014-15 the DRC will focus on three areas of work: increasing the efficiency of the data collection, maintenance and distribution process, developing a broader view of agency data assets, and enhancing client outreach and value added project delivery. This will be accomplished through an ongoing effort to consult with data providers and other partners at the agency, local and state 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. Through collaboration and regional leverage, the value and benefits of investments will be maximized and shared in a highly cost-effective manner.

The DRC will also focus on increasing accessibility of information by developing creative approaches to illustrating information at both the regional and local scale as well as ensuring that project work is clearly communicated and connected to regional decision making.

Modeling Services – The revenue stream from state, local and federal funds continues to be constrained. However, the total revenue derived from the mix of both internal and external clients remains stable. As a consequence the forecasted level of project planning in FY 2014-15 will remain about the same as FY 2013-14. The Modeling Services area will put a significant focus on model enhancement to better support transportation and economic and land use decisions. Staff have identified external partnerships and funding commitments to, in part, offset the cost of model enhancements.

SIGNIFICANT CHANGES IN THE BUDGET

- Added an Associate GIS Specialist (1.00 FTE) for ongoing enhancement of economic and demographic data collections to better support the agency's diversity, equity and inclusion efforts.
- Restored an Associate Researcher and Modeler position to full time in support of the department's strategic support for enhanced modeling support.
- Increased materials and services budget by $50,000 to complete the enhanced activity based travel model which will bring Metro on par with other major metropolitan areas with respect to analytical tools to support policy decision making.

PERFORMANCE MEASURES

DRC Client Services

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

11/12	12/13	13/14	*14/15*	*15/16*	*16/17*	*17/18*
73%	**67%**	**83%**	*80%*	*80%*	*80%*	*80%*

Enterprise Services

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

11/12	12/13	13/14	*14/15*	*15/16*	*16/17*	*17/18*
67%	**70%**	**78%**	*80%*	*80%*	*80%*	*80%*

Modeling Services

Travel model quality rating with regard to its ability to address client needs. Continuous scale – 1.0 is poor, 5.0 is excellent.

11/12	12/13	13/14	*14/15*	*15/16*	*16/17*	*17/18*
4.0	**4.3**	**4.2**	*4.4*	*4.4*	*4.4*	*4.4*

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

11/12	12/13	13/14	*14/15*	*15/16*	*16/17*	*17/18*
5.0	**5.0**	**5.0**	*5.0*	*5.0*	*5.0*	*5.0*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

- Coordinated and implemented analysis for regional Buildable Lands Inventory.
- Provided Equity Strategy Program baseline data support and provided coordination and support for internal and external requests for Title VI/Limited English Proficiency data.
- Continued the development of the activity-based travel demand model for the region.

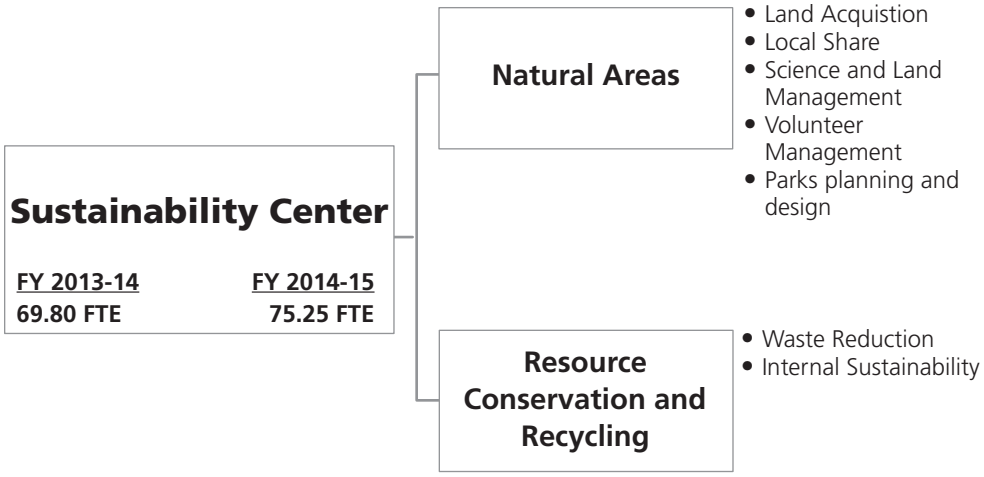
- Initiated the integration of the pedestrian analysis research results (conducted by PSU) into the regional travel model.
- Provided modeling services to many clients and projects, including RTP, SW Corridor, Climate Smart Communities, Columbia River Crossing, Mosaic Least Cost Planning Tool (ODOT), MAX Green Line Before and After Analysis (TriMet), and City of Portland TSP.
- Provided modeling expertise to support the FHWA SHRP2 L35 reliability research program. The objective of the study is to discern how the availability of infrastructure reliability performance metrics might influence project analysis and decisions.

KEY OBJECTIVES FOR FY 2014-15

- Deliver RLIS Live updates on schedule and provide timely and responsive customer support.
- Complete annual update to statewide regional solid waste facilities map.
- Provide GPS support to Parks and Environmental Services, Sustainability Center and Solid Waste Regulation.
- Continue coordination and demographic data support for multiple projects including Title VI/Limited English Proficiency, Metro's Equity Strategy and the Community Investment Initiative.
- Continue the development of the activity-based travel demand model for the region. Completion is targeted for FY 2014-15 or early FY 2015-16.
- Complete the integration of the pedestrian analysis research results (conducted by PSU) into the regional travel model.
- Initiate the collection of relevant truck data and commence the enhancement of the regional freight model. The scope is subject to the receipt of MTIP dollars and a FHWA SHRP2 C20 freight model implementation grant.
- Continue to provide modeling services to clients, including RTP and SW Corridor.

Metro

Sustainability Center



Summary of the Sustainability Center

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	7,301,980	6,360,929	7,741,538	8,158,781	8,158,781	8,264,519	6.76%
Materials and Services	15,352,400	12,871,706	20,670,223	23,118,334	23,118,334	23,780,433	15.05%
Capital Outlay	16,335,984	10,194,110	23,071,005	21,477,321	21,477,321	21,646,821	(6.17%)
TOTAL	**38,990,365**	**29,426,745**	**51,482,766**	**52,754,436**	**52,754,436**	**53,691,773**	**4.29%**
BUDGET BY FUND							
General Fund	4,695,872	4,106,362	3,916,131	3,004,535	3,004,535	3,384,535	(13.57%)
General Asset Management Fund	27,361	97,208	214,681	-	-	169,500	(21.05%)
Natural Areas Fund	27,288,427	19,849,321	35,247,915	33,832,518	33,832,518	33,832,518	(4.02%)
Parks and Natural Areas Local Option Levy Fund	-	-	5,227,102	6,797,738	6,797,738	6,903,738	32.08%
Open Spaces Fund	29,156	27,026	643,064	639,321	639,321	639,321	(0.58%)
Community Enhancement Fund	250,770	258,623	390,990	842,020	842,020	842,020	115.36%
Solid Waste Fund	6,698,780	5,088,206	5,842,884	7,638,304	7,638,304	7,920,141	35.55%
TOTAL	**38,990,365**	**29,426,745**	**51,482,766**	**52,754,436**	**52,754,436**	**53,691,773**	**4.29%**
FULL-TIME EQUIVALENTS	**69.40**	**60.60**	**69.80**	**74.25**	**74.25**	**75.25**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**5.45**

Sustainability Center

The Sustainability Center contributes directly to the preservation of the region's livability and supports Goal 1: Great communities and Goal 2: Healthy environment developed by the Metro Council. 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

Natural Areas – The Natural Areas program includes natural areas restoration and land management, parks and natural areas planning, community grant programs and ongoing implementation of the 2006 Natural Areas Bond. To this end, staff implements and administers the voter appoved $227.4 million Natural Areas Bond measure 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. Parks and Natural Areas planning will focus on delivery of new access to natural areas and developing a system plan for Metro parks and natural areas guiding the development and financing of Metro's land portfolio going forward.

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. In the near term, the voter-passed Parks and Natural Areas Local Option Levy, along with Metro's General Fund, will support operations and maintenance of the natural area properties. 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. RCR's budget is 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 maintains significant investments in research and measurement that are essential to carrying out our work strategically and effectively.

SIGNIFICANT CHANGES IN THE BUDGET

- Transferred 2.0 FTE from the Oregon Zoo Conservation Education Program to Resource Conservation and Recycling. Personnel services and material and services for the Resource Conservation and Recycling School Education program are transferred to the Solid Waste Fund. There are no financial implications as the increases in the Resource Conservation and Recycling School Education program are offset by the decrease in the Oregon Zoo budget.
- Added a 1.00 FTE Land Management Program Supervisor funded by the Natural Areas Levy Fund to reduce the Natural Areas Land Manager's direct reports; provide better support to individual staff, through better oversight and guidance.
- Added a 0.80 FTE Associate Management Analyst funded by the Parks and Natural Areas Local Option Levy Fund to provide support for levy related data and programmatic information management needs.
- Added a 1.00 FTE Natural Resources Enforcement Specialist funded by the Parks and Natural Areas Local Option Levy Fund to enforce Metro Title 10 rules and regulations which protect sensitive and natural resources from unintended or unauthorized use.
- Added a 1.00 FTE Associate Regional Planner funded by the Parks and Natural Areas Local Option Levy Fund fund to assist the Parks and Natural Areas Planning division in delivering high quality visitor experience, provide outreach to underserved communities and design high quality sustainable facilities in the Parks and Natural Areas that will serve a diverse range of communities in the metro region.
- Added 1.00 FTE Program Supervisor II funded by the Natural Areas Bond fund to provide additional leadership and focus to the land acquisition program. This position will supervise the Bond Program acquisition work including supervision of four FTE, coordination with the office of the Metro Attorney on due diligence, compliance with the bond measure requirements, and negotiation of complex acquisition deals.
- A net effect reduction of 1.35 FTE due to the direct administrative, finance and management support which is no longer an internal transfer to the General Fund.

PERFORMANCE MEASURES

Complete plans or projects that will increase access to nature.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
1	**1**	3	*3*	*3*	*3*	*3*

Acres of land acquired for protection each year.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
1,249	**472**	425	*425*	*300*	*250*	*250*

Number of hours volunteered at Metro natural areas.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
16,800	**12,700**	16,000	*16,500*	*17,000*	*17,500*	*18,000*

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
2,528	**2,584**	2,528	*2,528*	*2,528*	*2,528*	*2,528*

Regional recovery rate.

11/12	12/13	13/14	*14/15*	*15/16*	*16/17*	*17/18*
59%	**62%**	64%	*64%*	*64%*	*64%*	*64%*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

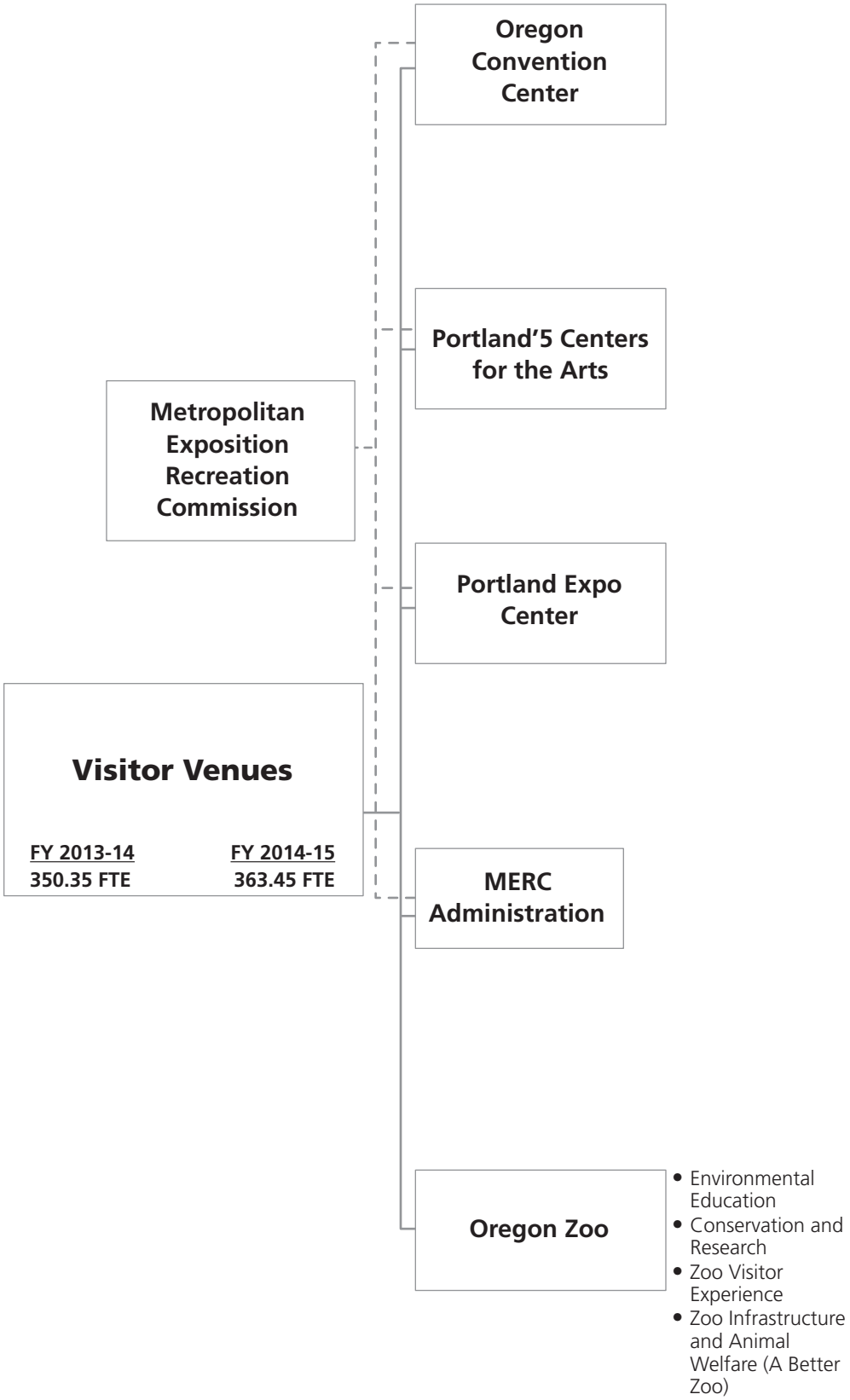
- Progress has been made in all program areas identified for levy funding. Work continued or expanded, and new projects began, on restoration and long-term management efforts at high priority sites. Two comprehensive planning efforts are underway to address sites across Metro's portfolio. Metro continues to develop its new volunteer program model to improve program focus and management capacity, including an analysis of new volunteer opportunities provided by the levy. In addition, a cross-departmental team is developing a new program to partner with organizations representing diverse, underserved communities to help achieve the levy's desired equity outcomes. A pilot partnership under this project has started and several other pilots are in development.
- Continued natural area acquisitions, local share projects and Nature in Neighborhoods Capital Grants.
- Initiated the Solid Waste Roadmap project to identify potential actions that the Metro Council could take to ensure there is adequate capacity to process the region's food scraps. Assisted Parks and Environmental Services by working with local governments and key businesses to address food scraps quality issues at Metro Central Transfer Station.

KEY OBJECTIVES FOR FY 2014-15

- Continue implementation of the Parks and Natural Areas Local Option Levy, including increased maintenance, new restoration projects and scoping and planning access to nature projects.
- Work with Parks and Environmental Services and the Metro Council to complete a Parks and Natural Areas System Plan.
- 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.
- As part of the Solid Waste Roadmap, engage the Metro Council in a discussion of potential actions that Metro could take to ensure there is adequate capacity to process food scraps collected from the region's businesses and residents.

Metro

Visitor Venues



Summary of Visitor Venues

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	34,230,395	34,603,799	37,602,859	37,735,064	37,735,064	37,879,245	0.74%
Materials and Services	33,348,548	38,071,060	40,202,167	38,999,800	38,999,800	39,158,100	(2.60%)
Capital Outlay	9,309,195	12,060,780	37,444,473	43,624,325	43,624,325	44,817,799	19.69%
Debt Service	1,593,039	2,557,510	1,573,881	1,585,651	1,585,651	1,585,651	0.75%
TOTAL	**78,481,176**	**87,293,149**	**116,823,380**	**121,944,840**	**121,944,840**	**123,440,795**	**5.66%**
BUDGET BY FUND							
General Fund	27,167,819	30,725,552	31,585,451	30,636,394	30,636,394	30,780,575	(2.55%)
General Asset Management Fund	1,518,822	1,508,255	6,833,939	9,373,586	9,373,586	9,714,360	42.15%
General Revenue Bond Fund	1,593,039	2,564,371	1,573,881	1,585,651	1,585,651	1,585,651	0.75%
MERC Fund	41,511,688	44,354,781	50,711,628	50,826,332	50,826,332	51,837,332	2.22%
Natural Areas Local Option Levy Fund	-	-	297,413	312,244	312,244	312,244	4.99%
Zoo Infrastructure/Animal Welfare Fund	6,689,809	8,140,191	25,821,068	29,210,633	29,210,633	29,210,633	13.13%
TOTAL	**78,481,176**	**87,293,149**	**116,823,380**	**121,944,840**	**121,944,840**	**123,440,795**	**5.66%**
FULL-TIME EQUIVALENTS	**345.16**	**349.70**	**350.35**	**356.45**	**356.45**	**363.45**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**13.10**

Summary of MERC Administration

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	1,405,853	1,105,077	787,374	744,642	744,642	744,642	(5.43%)
Materials and Services	248,973	228,927	542,881	489,406	489,406	489,406	(9.85%)
Capital Outlay	-	60,218	292,800	92,800	92,800	92,800	(68.31%)
TOTAL	**1,654,827**	**1,394,222**	**1,623,055**	**1,326,848**	**1,326,848**	**1,326,848**	**(18.25%)**
BUDGET BY FUND							
MERC Fund	1,654,827	1,394,222	1,623,055	1,326,848	1,326,848	1,326,848	(18.25%)
TOTAL	**1,654,827**	**1,394,222**	**1,623,055**	**1,326,848**	**1,326,848**	**1,326,848**	**(18.25%)**
FULL-TIME EQUIVALENTS	**14.85**	**11.50**	**6.50**	**6.00**	**6.00**	**6.00**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**(0.50)**

Visitor Venues

Metro's Visitor Venues include the Oregon Convention Center (OCC), Portland'5 Centers for the Arts (Portland'5), Portland Expo Center (Expo) and the Oregon Zoo. Formed in July 2010 to enhance collaboration on operational issues, the venues 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. More than 3 million visitors attend the venues collectively each year, inducing more than $660 million in direct and indirect regional spending, which supports more than 6,700 living wage jobs. For every $1.00 of Visitor Venues annual budget expense, more than $9.60 of spending is generated in the local economy.

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, Portland'5 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), comprising 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 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 – Portland'5 is a collection of five 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, Portland'5 hosts more than 800,000 visitors who attend events and performances each year and contribute to the cultural vibrancy of the region.

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 – 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.

The Oregon 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 economic recovery from the Great Recession has been sluggish. FY 2014-15 forecasts show positive trends based upon increased event bookings across the venues. Portland'5 is benefitting from a new, more lucrative ticketing contract and a planned 9.5 weeks of Broadway performances. Transient Lodging Tax (TLT) revenue is also projected to grow further in FY 2014-15, benefiting both Portland'5 and OCC. OCC is forecasting a record number of events and conventions in FY 2014-15, and Expo is forecasting increased per-capita revenues, thanks in part to increased awareness of the West Delta Bar and Grill and maintaining prime locations for points of sale at events. Expenditure forecasts have also increased. The Bureau of Labor Statistics reported in February 2014 that the January 2013 to January 2014 Portland Area Consumer Price Index for All Urban Consumers (CPI-U) increased 2.8 percent. The Venues have been impacted by this with increased utility, food and personnel costs. Through good management, the venue directors are minimizing expenditure growth and keeping revenues on pace with inflation.

SIGNIFICANT CHANGES IN THE BUDGET

Personnel Changes

- 3.70 of the total 7.50 FTE increases from FY 2013-14 to FY 2014-15 in the MERC venues is a result of a change in Metro reporting procedure – including existing *position controlled regular part-time positions* in the FTE count. MERC administration also added a 1.00 limited duration position in FY 2013-14. In FY 2014-15 MERC Venues budgeted to increase the FTE of existing support positions by 1.80, and add only 1.00 new FTE revenue generating Audio Visual Sales position at the OCC. The Oregon Zoo converted 9.50 FTE of existing temporary positions to regular status and added 1.50 FTE in a new 1.0 FTE Hospital Manager and a new 0.50 FTE research position.
- Converted temporary staffing to 3.8 FTE, regular-status Guest Services Lead positions.
- Converted temporary staffing to 5.2 FTE, regular status Guest Services worker positions.
- Converted temporary staffing to a 0.5 FTE Program Assistant II in the Volunteer program.
- Added a 0.5 FTE Technical Specialist to the Conservation Research Program.

Non-Personnel Changes

- For the first time Expo requested and received approval for $280,000 General Fund Metropolitan Tourism Opportunity and Competitiveness Account (MTOCA) Grants. These grants will fund marketing and operational improvement projects.
- OCC received approval for $641,000 of General Fund support in the form of $320,000 MTOCA Grants and an additional $321,000 to fund the OCC Hotel Project work. OCC will also receive $360,000 from the MERC TLT Pooled Capital account to fund capital projects.

- The Oregon Zoo transitioned the Waste Reduction Education program out of its budget and into the Sustainability Center, increased its admissions and retail commissions revenue projections based upon attendance forecasts, and a new retail sales partner, respectively.

PERFORMANCE MEASURES

Estimated economic impact in metropolitan region (millions).

	11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
OCC	**$515.0**	**$475.0**	$450.0	*$490.0*	*$510.0*	*$510.0*	*$520.0*
OR Zoo	**$75.0**	**$79.0**	$83.0	*$82.0*	*$83.0*	*$83.0*	*$84.0*
Portland'5	**$65.0**	**$60.0**	$62.0	*$64.0*	*$65.0*	*$65.0*	*$65.0*
Expo	**$33.5**	**$34.2**	$35.2	*$36.6*	*$37.4*	*$37.4*	*$38.0*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

- 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 and develop options and/or changes to current business model to ensure financial sustainability of all venues.

  A venues policy coordinator was hired to focus on evaluating the business model of Expo. That work will include a market study and financial feasibility analysis including draft recommendations for staff to discuss with the Commission and Council. At the conclusion of the Expo work the policy coordinator will shift attention to Portland'5 to perform similar work. It is anticipated that the Expo work will wind up in fall 2015. The zoo has completed a multiyear strategic plan which will guide the development of a business plan in the future.

- Execute classification and compensation update project for the MERC venues. Primary elements of the project include updating classification descriptions, determining compensation strategy, resource needs and rollout timing.

  Briefings with MERC took place in spring 2014 to build an understanding of the pressures on the current classification/compensation structure. Currently staff is working on creating a proposed approach and roll out schedule with assumed budget impacts will be presented to MERC for consideration.

- Create a standardized set of customer service measures across all venues to be included in annual performance measures.

  The four venues have been working to establish an electronic customer service feedback mechanism as a means to collect feedback on a standard set of customer service measures. We expect that mechanism to be fully implemented in the next fiscal year due to budget impacts.

- Complete OCC hotel negotiations and begin construction on hotel project.

  Negotiations with the developer and hotelier continue in anticipation of council consideration of a "deal package" in early summer 2014. It is expected that following that process, within a year the construction on a convention center hotel should commence.

- Ensure the elephant habitat construction is well underway and on budget.

  Elephant Habitat construction is in progress with scheduled completion in October 2015. Elephants began using the newly constructed south encounter habitat in February 2014.

- Work with stakeholders and the city to ensure smooth transition to paid parking at the zoo and implementation of the Transportation Management Agency agreement.

Parking lot operations shifted to the Transportation Management Authority in January 2014. To date, the zoo has experienced minimal impact from the shift to metered parking.

- Continue to increase coordination of strategic communications from the venues.

  All four venues are coordinating their communication and public relations functions through a Policy Advisor with the zoo's marketing and communications division now directly reporting to that position. We continue to expand on this coordinated model in an effort to maximize resources and create efficiencies for the venues and the Metro Communications department.

- Ensure all venues hit revenue targets and aggressively manage expenses.

  Venue directors are working to meet or exceed revenue targets while managing expenses as necessary.

- Continue to engage with leadership of the Columbia Crossing Project representing Metro's interests as a land owner at Expo.

  As planning for this project has ended for the time being, we are maintaining an understanding of next steps that may be necessary to involve ourselves in when planning commences.

KEY OBJECTIVES FOR FY 2014-15

- Ensure that the bond-funded Elephant Lands project remains on track for an expected October 2015 completion, and that the zoo train returns to service on schedule for ZooLights 2014.
- Coordinate with the Washington Park Transportation Management Association to implement an in-park shuttle and incentives for guests to arrive via mass transit.
- Complete First Opportunity Target Area assessment and present initial policy recommendations to Council and Commission fall 2014.
- Provide an Expo Project progress report in fall 2014 at the completion of the market study and financial analysis work, which is already underway.
- Pursue an evaluation of potential synergies and efficiencies to be gained by combining efforts between OCC and Expo in the areas of sales and other revenue producing departments.
- Pursue an evaluation of the long-term capital needs of Portland'5 in the context of the current business model that requires subsidizing the resident companies. This project will include stakeholders from the city, resident companies and other relevant stakeholders.
- Evaluate the financial sustainability of the Renewal and Replacement Reserve accounts for all three MERC venues. This project will include an evaluation of the current asset inventory, mandatory annual contribution amounts, fine tuning the current capital plans and prioritization, and other options for funding the Renewal and Replacement Reserve accounts.
- Develop a plan with the Friends of Portland'5 to re-energize fundraising activities.

Summary of the Oregon Convention Center

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	8,950,462	8,531,668	9,674,777	9,969,814	9,969,814	9,969,814	3.05%
Materials and Services	15,101,697	17,580,827	18,732,337	17,579,566	17,579,566	17,579,566	(6.15%)
Capital Outlay	1,301,110	1,750,440	3,424,814	4,193,000	4,193,000	4,433,000	29.44%
TOTAL	**25,353,269**	**27,862,935**	**31,831,928**	**31,742,380**	**31,742,380**	**31,982,380**	**0.47%**
BUDGET BY FUND							
MERC Fund	25,353,269	27,862,935	31,831,928	31,742,380	31,742,380	31,982,380	0.47%
TOTAL	**25,353,269**	**27,862,935**	**31,831,928**	**31,742,380**	**31,742,380**	**31,982,380**	**0.47%**
FULL-TIME EQUIVALENTS	**110.30**	**110.30**	**112.30**	**114.65**	**114.65**	**114.65**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**2.35**

Oregon Convention Center

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

MAJOR PROGRAMS

Conventions, Trade and Consumer Shows – OCC hosts, on average, half a million visitors each year attending international, national and regional conferences, meetings and events. For every $1 OCC spends each year, its events induce more than $16 of 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 forecast for FY 2014-15 is promising. OCC is forecasting a record year in event bookings in FY 2014-15, including ComicCon, the International Auto Show and others. The convention center hotel project, when completed in FY 2016-17, 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. In March 2014 OCC became LEED® certified to the *Platinum* level.

Partnerships with Travel Portland, Pepsi and Portland Roasting Coffee have promising prospects of developing more event bookings and marketing opportunities. TLT is also forecasted to produce healthier revenues in FY 2014-15 than recent years.

SIGNIFICANT CHANGES IN THE BUDGET

- Added a 1.0 Audio Visual Sales Coordinator.
- Funded portions of OCC capital projects from the General Fund MTOCA.
- Funded portions of Convention Center Hotel project from the General Fund.
- Funded a portion of OCC capital projects from the MERC TLT Pooled Capital account.
- Transferred $600,000 from reserves to fund the Convention Center Hotel developer agreement.

PERFORMANCE MEASURES

National Conventions.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
42	**37**	32	*42*	*44*	*44*	*44*

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

Food and Beverage Margin.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
11.3%	**16.3%**	14.7%	*15.5%*	*16.0%*	*16.0%*	*16.0%*

Ratio Operating Revenue to Expenditures.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
85.5%	**80.2%**	78.0%	*82.0%*	*87.0%.*	*87.0%*	*87.0%*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

- OCC achieved LEED® certified to the *Platinum* level.
- OCC received Salmon Safe Certification for responsible storm water run off plan (Rain Garden).

- OCC completed the renovation of 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 has enhanced short term bookings and should finish FY 2013-14 with greater revenues than budgeted.
- OCC was again successful in producing eight free concerts on Thursday evenings in July and August 2013. Sponsorship efforts were successful to underwrite the majority of event related costs.
- Continue to negotiate a development agreement and room block agreement on the convention center hotel project.
- Achieve APEX standards for green meetings – minimum level 2.

KEY OBJECTIVES FOR FY 2014-15

- Develop succession plan for key positions and set the groundwork for the next generation of OCC staff.
- Develop "master plan" for OCC both interior and exterior of the facility.
- Continue to enhance sustainability programs thru enhanced teamwork and partnerships with clients, vendors and staff.
- Create new website that allows for immediate and easy access to a vast array of facility information.
- Hire key sales positions to insure long-term growth and success of OCC – focusing on new business and AV design sales.
- Increase focus on efficiencies and cost reductions in the entire operation.
- Target specific local high revenue events and book them at the OCC.
- 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 acknowledging high level performance, secret shops and survey results.

Summary of Portland'5 Centers for the Arts

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	5,377,505	5,437,387	5,623,884	5,996,451	5,996,451	5,996,451	6.62%
Materials and Services	3,830,796	4,371,772	4,469,199	4,684,465	4,684,465	4,805,965	7.54%
Capital Outlay	523,252	493,423	916,000	1,653,000	1,653,000	1,938,000	111.57%
TOTAL	**9,731,553**	**10,302,582**	**11,009,083**	**12,333,916**	**12,333,916**	**12,740,416**	**15.73%**
BUDGET BY FUND							
MERC Fund	9,731,553	10,302,582	11,009,083	12,333,916	12,333,916	12,740,416	15.73%
TOTAL	**9,731,553**	**10,302,582**	**11,009,083**	**12,333,916**	**12,333,916**	**12,740,416**	**15.73%**
FULL-TIME EQUIVALENTS	**47.40**	**46.40**	**44.40**	**46.90**	**46.90**	**46.90**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**2.50**

Portland'5 Centers for the Arts

Portland'5 enhances the livability and economic vitality of the metropolitan region through sound stewardship, expert management and creative development of the region's public assembly venues as well as fostering an entrepreneurial environment in which diverse arts, events and audiences may flourish.

MAJOR PROGRAMS

Performing Arts, Arts and Culture – Portland'5 is the hub of downtown Portland's thriving Cultural District. The center draws more than 800,000 visitors each year to enjoy world class performance arts and entertainment, contributing to a vibrant and culturally rich region. For every $1.00 Portland'5 spends each year through its budget, its events induce more than $4.50 of direct and indirect spending in the local economy, which supports more than 600 living wage jobs and generates tax revenues for state and local governments.

BUDGET ENVIRONMENT

FY 2014-15 is anticipated to reflect an improving economy. While most arts organizations are still in recovery, Broadway and Commercial shows are strong and are anticipated to do very well. Despite the recent rebound in TLT revenues and the restoration of Portland'5's allocation of TLT to $1.2 million in FY 2010-11, Portland'5 faces a future risk of 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 maintenance demands that Portland'5, 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 2014-15. Portland'5 is scheduled to host 9.5 weeks of Broadway performances in FY 2014-15 with a better than average product. Resident companies and non-profit arts organizations are anticipated to have flat attendance while commercial shows are anticipated to continue performing well. This will also be the second year of a new ticketing system that is anticipated to generate more revenue than the previous system as staff takes advantage of some of the up-selling technology it offers.

SIGNIFICANT CHANGES IN THE BUDGET

- Added a new 0.5 position to manage and sell ticket retargeting campaigns to commercial renters and others, as well as providing sponsor and grant agency fulfillment duties for sponsors and donors.
- Increased an existing 0.75 FTE marketing and promotions coordinator to 1.0 FTE to increase social media marketing staff time, provide local non-profits with marketing assistance and manage fee-based marketing package for clients.
- Increased an existing 0.70 FTE position to 1.0 FTE to provide more administrative support to operations department so key staff have more time to focus on event-related production responsibilities and more consistent direct staff supervision.
- Large number of one-time costs that include seat refurbishment at the Schnitzer and Newmark theaters, LED bulb replacements at Keller and Hatfield Hall, exterior pre-cast panel assessment at Keller, rigging inspections for all theaters, carpet, marble, wood and tile floor repairs and part 2 of the Schnitzer façade repairs.

PERFORMANCE MEASURES

Portland'5 total weeks of Broadway performances.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
12.5	10	6.5	*9.5*	*10*	*10*	*10*

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

Food and Beverage Margin.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
19.9%	13.9%	14.54%	*15.0%*	*16.0%*	*16.0%*	*16.0%*

Ratio Operating Revenue to Expenditures.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
94.5%	88.9%	89.0%	*90.0%*	*90.0%.*	*90.0%*	*90.0%*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

- Successfully launched new Portland'5 name, brand and website.
- Developed co-promotion incentives to encourage commercial rentals during periods of open dates.
- Fully utilized new ticketing system tools to promote ticket sales.
- Launched foundation golf fundraising event in partnership with the Neill Foundation.

KEY OBJECTIVES FOR FY 2014-15

- Develop a plan to address long term funding strategy for Portland'5.
- Implement ticket retargeting program.
- Develop sponsorship kit for Portland'5 produced events.
- Implement business development initiative.
- Develop revitalization plan for the Portland'5 Foundation.

Summary of the Portland Expo Center

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	1,469,086	1,484,027	1,655,148	1,721,145	1,721,145	1,721,145	3.99%
Materials and Services	3,083,036	2,816,377	3,398,411	3,034,543	3,034,543	3,111,043	(8.46%)
Capital Outlay	219,917	494,638	1,194,003	667,500	667,500	955,500	(19.98%)
Debt Service	1,188,631	1,187,131	1,188,651	1,188,051	1,188,051	1,188,051	(0.05%)
TOTAL	**5,960,671**	**5,982,173**	**7,436,213**	**6,611,239**	**6,611,239**	**6,975,739**	**(6.19%)**
BUDGET BY FUND							
General Revenue Bond Fund	1,188,631	1,187,131	1,188,651	1,188,051	1,188,051	1,188,051	(0.05%)
MERC Fund	4,772,039	4,795,042	6,247,562	5,423,188	5,423,188	5,787,688	(7.36%)
TOTAL	**5,960,671**	**5,982,173**	**7,436,213**	**6,611,239**	**6,611,239**	**6,975,739**	**(6.19%)**
FULL-TIME EQUIVALENTS	**13.30**	**13.30**	**12.30**	**14.80**	**14.80**	**14.80**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**2.50**

Portland Expo Center

Expo is a multi-purpose exhibition facility comprising meeting rooms, exhibit halls, a full-service restaurant and flexible outdoor exhibit space. 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, and is considered #1 among Tier 3 event facilities according to *Tradeshow Executive* Magazine.

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 generate tax revenue for state and local governments. For every $1.00 Expo spends, $6.60 is spent in the regional economy. Expo induces more than $40 million in annual local and regional economic impact which in turn supports 430 living wage jobs.

BUDGET ENVIRONMENT

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. Expo has expanded its commitment to many clients by developing three-year event agreements. Additionally, Expo has embarked on a number of new sustainability projects with a focus on reducing expenses such as lighting improvements for Halls A, B, D and E. The efforts of this past year have left Expo well-positioned to focus on sales and increased revenues. The FY 2014-15 budget does not include *Cirque du Soleil*.

SIGNIFICANT CHANGES IN THE BUDGET

- FTE Changes – Added 0.5 FTE to two existing positions, an Operating Engineer to better support facility maintenance and an Administrative Assistant to provide support to managers.
- Expo requested for the first time and received approval for $280,000 General Fund MTOCA Grants. These grants will fund marketing and operational improvement projects.

PERFORMANCE MEASURES

Number of Events.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
114	**110**	112	*122*	*125*	*125*	*125*

Food and Beverage Margin.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
11.3%	**13.3%**	14.9%	*16.0%*	*18.0%*	*18.0%*	*18.0%*

Ratio Operating Revenue to Expenditures.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
99%	**99%**	97%	*101%*	*101%*	*101%*	*101%*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

- Continued with the strategies of the 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.

- Continued to develop and maintain 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 Environmental Services (Stormwater Management) and the Multnomah County Drainage District #1. The respective charges of these two agencies have the potential to greatly impact Expo's current business model.
- Continued development, training and support of staff at Expo focused on enhancing revenues, fiscal responsibility, sustainable initiatives, community engagement and outstanding customer service.
- Completed capital projects including AV tower installation, roof repairs and parking lot asphalt repairs.

KEY OBJECTIVES FOR FY 2014-15

- Focus marketing and communications planning and execution on increased sales revenue opportunities for new and repeat business.
- New revenues are anticipated with a focused booking and catering approach lead by the sales managers from Expo and ARAMARK/pacificwild and a continued increase in three-year license agreements.
- 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/pacificwild, up to and including concession stand improvements, new event development, quality of food and service, cleanliness, and an improved food and beverage margin.
- Continue engagement with the City of Portland's Bureau of Environmental Services (Stormwater Management) and the Multnomah County Drainage District #1.
- Further develop the positive attributes of having an engaged Expo Advisory Committee dedicated to the topics of Long-Term Funding Solutions, Community Outreach, History and Equity.
- Focus capital projects on sustainable initiatives, sustained efforts on diversion practices and continued partnership with the City of Portland and Bureau of Environmental Services. Capital investments and project will focus on Return on investment and enhanced sustainability. A measured approach to renewal and replacement projects and continued follow-up and research for the ongoing stewardship of Halls A, B and C.

Summary of the Oregon Zoo

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	17,027,488	18,045,640	19,861,676	19,303,012	19,303,012	19,447,193	(2.09%)
Materials and Services	11,084,046	13,073,156	13,059,339	13,211,820	13,211,820	13,172,120	0.86%
Capital Outlay	7,264,916	9,262,062	31,616,856	37,018,025	37,018,025	37,398,499	18.29%
Debt Service	404,408	1,370,379	385,230	397,600	397,600	397,600	3.21%
TOTAL	**35,780,857**	**41,751,237**	**64,923,101**	**69,930,457**	**69,930,457**	**70,415,412**	**8.46%**
BUDGET BY FUND							
General Fund	27,167,819	30,725,552	31,585,451	30,636,394	30,636,394	30,780,575	(2.55%)
General Asset Management Fund	1,518,822	1,508,255	6,833,939	9,373,586	9,373,586	9,714,360	42.15%
General Revenue Bond Fund	404,408	1,377,240	385,230	397,600	397,600	397,600	3.21%
Natural Areas Local Option Levy Fund	-	-	297,413	312,244	312,244	312,244	4.99%
Zoo Infrastructure/Animal Welfare Fund	6,689,809	8,140,191	25,821,068	29,210,633	29,210,633	29,210,633	13.13%
TOTAL	**35,780,857**	**41,751,237**	**64,923,101**	**69,930,457**	**69,930,457**	**70,415,412**	**8.46%**
FULL-TIME EQUIVALENTS	**159.31**	**168.20**	**174.85**	**174.10**	**174.10**	**181.10**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**6.25**

Oregon Zoo

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 Center, Education Center, Polar Bear, Primate and Rhino projects.

BUDGET ENVIRONMENT

Revenues are based on attendance of 1.58 million, compared to a budgeted 1.61 million for FY 2013-14 and an actual attendance of 1,683,442 in FY 2012-13. The attendance projection is based on staging 16 premium concerts, the opening of a new train route for ZooLights and the impact of substantial construction activity across zoo grounds. In addition, General Fund revenue drivers include an anticipated revenue increase in sales commissions from a new retail partner. A revenue challenge

will be managing the impacts to visitors due to the peak construction activity of the Elephant Lands project, which will require that the train be out of commission during the summer months. Construction related displays and exhibits have been installed 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 construction of the elephant exhibit, infrastructure improvements and design of the Education Center. Construction on the 40,000 square foot North Elephant Habitat and the Forest Hall building are scheduled to complete in FY 2014-15.

SIGNIFICANT CHANGES IN THE BUDGET

- Converted temporary staffing to 3.8 FTE, regular-status Guest Services Lead positions.
- Converted temporary staffing to 5.2 FTE, regular status Guest Services worker positions.
- Converted temporary staffing to a 0.5 FTE Program Assistant II in the Volunteer program.
- Added a 0.5 FTE Technical Specialist to the Conservation Research Program.
- Reduced contracted professional services by $830,558 related to Waste Reduction Education moving to the Sustainability Center.
- Increased Admissions revenue by $373,555 based on attendance of 1,575,000 and increased proportion of gate visitors versus membership visitors.
- Increased commission revenue by $241,000 due to terms of new retail concessionaire contract.
- Received a $3.2 million dollar loan from the Solid Waste Fund for purposes of renovating the Steller Cove exhibit and refurbishing the zoo's train fleet.

PERFORMANCE MEASURES

Total conservation education program attendance (thousands).

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
257*	**247***	249*	*212*	*215*	*218*	*220*

*Includes Waste Reduction Education activity attendance

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
101%	**106%**	100%	*100%*	*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 is being created that better links budgetary data to the desired operational outcomes.

PROGRESS ON FY 2013-14 KEY OBJECTIVES

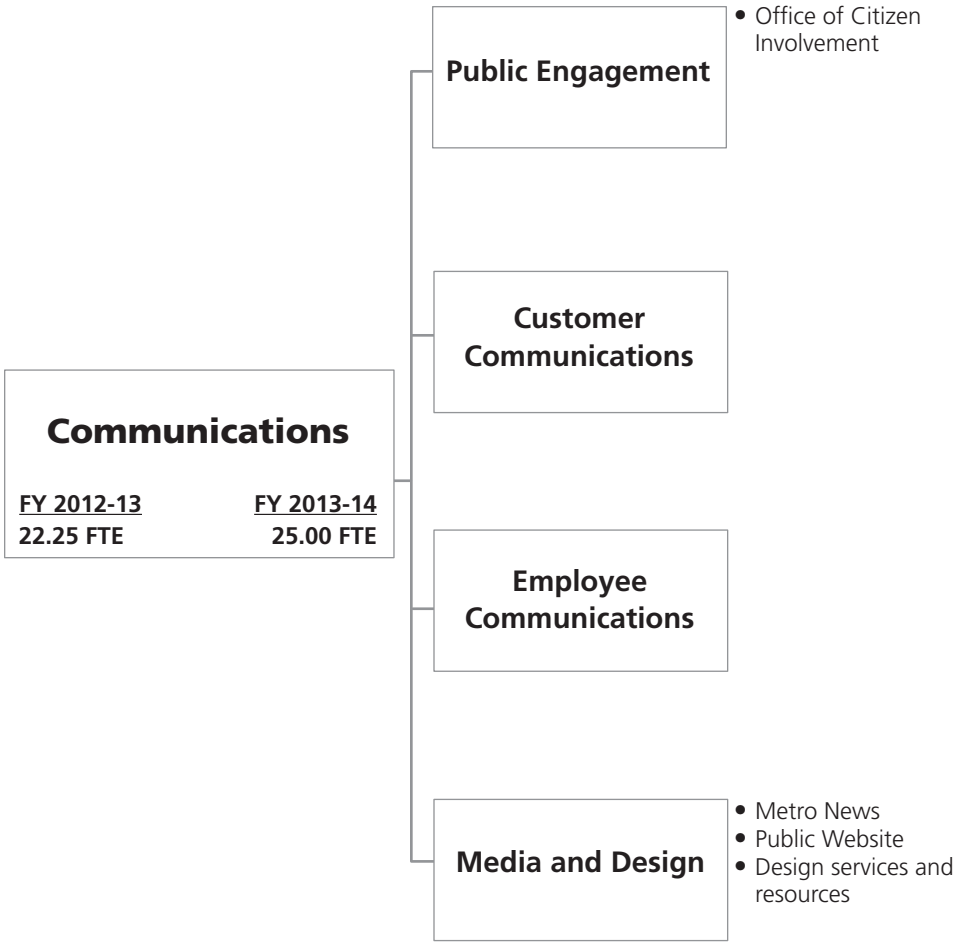
- Minimized disruption to zoo operational revenue from construction activities. This is an on-going objective while bond-funded projects are underway.
- Maintained overall guest experience and satisfaction during construction activities.
- Completed construction on the new condor exhibit. Construction on the Elephant Land exhibit is on schedule for completion in October 2015.
- Began design work for the Education Center, funded by the Oregon Zoo Infrastructure and Animal Welfare Bond, in spring 2014.

- Increased Per-capita revenue generated by food services by $0.50 in FY 2013-14.
- Transitioned parking lot maintenance and operations to Portland Parks with minimal impact on zoo operations and guest experience.
- Received the Excellence in Marketing award and the North American Conservation Award from the Association of Zoos and Aquariums.

KEY OBJECTIVES FOR FY 2014-15

- 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.
- Continue to meet scheduled timeline for elephant habitat construction.
- Coordinate with the Washington Park Transportation Management Association to implement an in-park shuttle and incentives for guests to arrive via mass transit.
- Focus on increasing net revenue from food sales through continued refinement of the zoo's food service business model.

Metro


Communications
FY 2012-13
22.25 FTE
FY 2013-14
25.00 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 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	2,357,671	2,353,390	2,537,548	2,853,545	2,853,545	2,853,545	12.45%
Materials and Services	129,309	193,950	164,100	207,800	207,800	232,800	41.86%
TOTAL	**2,486,980**	**2,547,339**	**2,701,648**	**3,061,345**	**3,061,345**	**3,086,345**	**14.24%**
BUDGET BY FUND							
General Fund	2,486,980	2,547,339	2,701,648	3,061,345	3,061,345	3,086,345	14.24%
TOTAL	**2,486,980**	**2,547,339**	**2,701,648**	**3,061,345**	**3,061,345**	**3,086,345**	**14.24%**
FULL-TIME EQUIVALENTS	**22.00**	**23.13**	**22.25**	**25.00**	**25.00**	**25.00**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**2.75**

Communications

Communications serves as a liaison among the public and Metro's departments, elected officials and stakeholders. Communications' staff includes professionals in media relations, public involvement, journalism, marketing, graphic and web design, 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. Communications helps the public understand and respond to Metro's portfolio of projects and connect to Metro services, fulfilling its ultimate goal of building trust with the voters and residents of the region.

MAJOR PROGRAMS

Community Relations/Office of Citizen Involvement – This program is responsible for connecting 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 websites. The program builds relationships with community leaders and organizations and guides outreach to a diverse representation of the region's residents to uphold Metro's principles of public involvement. The work supports Council priorities such as the equity strategy program, transportation and land use, visitor venues, parks, natural areas and garbage system plans and decisions.

Marketing and Media – This program is responsible for creating a strong Metro story and voice, and reliable, compelling and engaging content for Metro's online and print channels.

Marketing – The program coordinates marketing across Metro, supporting public education campaigns aimed at waste reduction, natural gardening, toxics reduction, MetroPaint, recycling and regional travel options and it partners with venues communications staff on cross-marketing and other opportunities.

Media – The program also manages Metro's communication channels, providing web and design strategy and services for Metro, including website content coordination, user experience evaluation and analytics, social media, interactive, print and display products. It is the home of Metro News, which informs readers of regional decisions in an honest, transparent manner and Our Big Backyard, a quarterly magazine, which informs and engages residents with stories featuring Metro parks and natural areas.

Employee communications and venues marketing programs have a dotted line relationship to Communications. Employee communications is responsible for workforce communications regarding management practices and policies, human resources, employee benefits, and other internal Metro matters. Visitor Venues request Communications support as needed with strategic and earned media, issues management and public relations as well as design, signage and web projects.

BUDGET ENVIRONMENT

- The 2014 shift of the Communications funding structure to the cost allocation plan allows the department greater flexibility in staff assignments to better support Metro priorities. This change creates a greater focus on prioritization and efficiency because it makes the costs of effective communication more transparent.

- The Office of Citizen Involvement and Public Engagement Review Committee highlight the need for additional strategic 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 strategy program, 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 creates coordination and communication challenges. 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 completion of the new web platform and a new Metro website sets the stage for new and improved ways to inform and engage Metro's visitors, customers and constituents.

SIGNIFICANT CHANGES IN THE BUDGET

- Moved 1.0 FTE Senior Public Affairs Specialist from the Sustainability Center to Communications.
- Moved 1.0 FTE Associate Public Affairs Specialist from Council Office to Communications and converted from limited duration to regular status.
- Moved 1.0 FTE Associated Public Affairs Specialist from special projects (web) to Communications; limited duration term extended one year to June 30, 2015.
- Added one time allocation of $50,000 to provide backfill for design position converted to Associate Public Affairs Specialist.
- Added one time allocation to support projects including website photography, newsfeed reporting and committee support.

PERFORMANCE MEASURES

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
	72%					

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

11/12	12/13	13/14	*14/15*	*15/16*	*16/17*	*17/18*
72%		*	*80%*	*80%*	*80%*	*80%*

* Scheduled Q4 2014

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."

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
	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.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*
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.

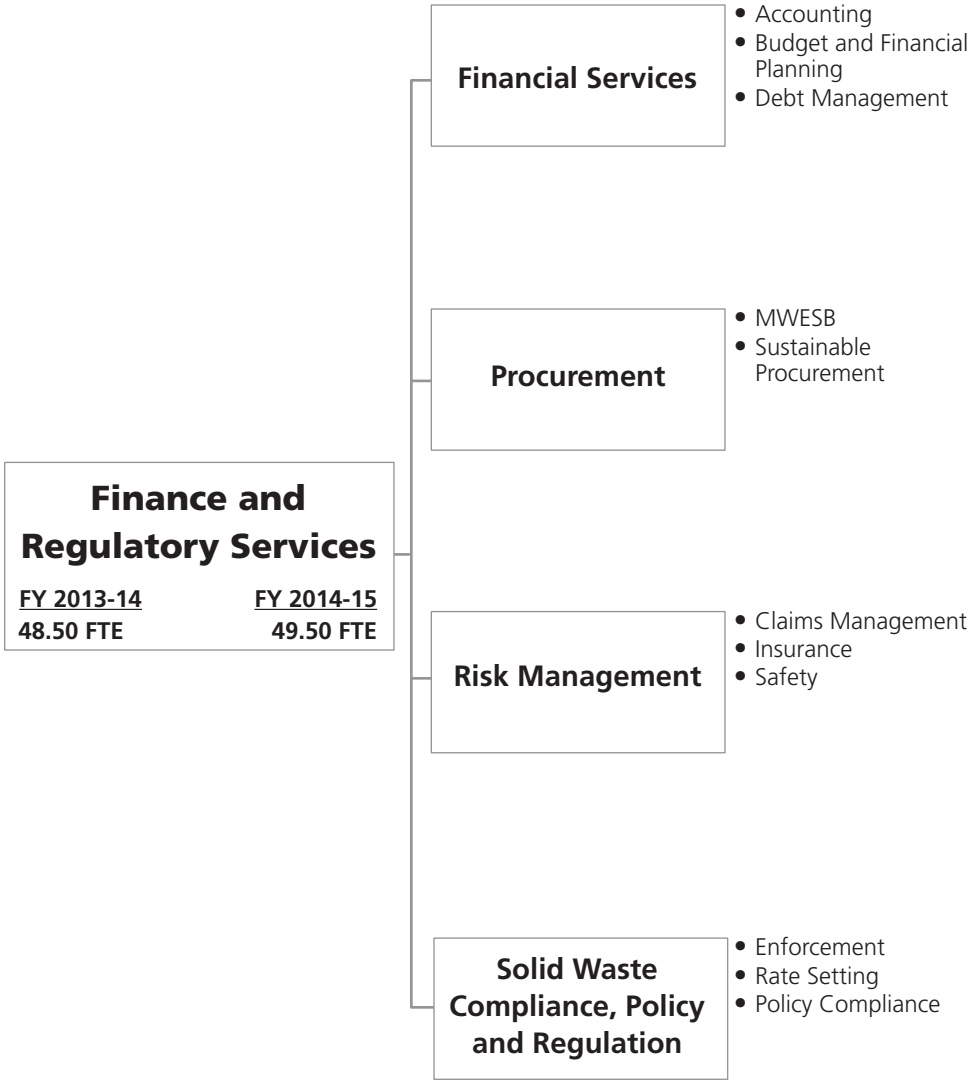
PROGRESS ON FY 2013-14 KEY OBJECTIVES

- Fostered relationships with members of historically underserved populations through implementation of Metro's Diversity Action Plan, equity strategy program strategies, Limited English Proficiency plan, and public involvement best practices identified through Metro's new Public Engagement Guide.
- Built support for integrated corridors and other planning programs through coordinated stakeholder outreach across Metro policies and projects, and by providing opportunities to engage community leaders and members of the public.
- Supported success of Climate Smart Communities, RTP, Southwest Corridor and other planning and development projects.
- Implemented recommendations from the joint communications plan for Metro's living programs, including MetroPaint, regional travel options and resource conservation and recovery programs.
- Completed work to launch a modern, efficient Metro website to better serve residents of the region.
- Supported Metro cemeteries grave reclamation project.
- Developed an integrated parks and natural areas marketing campaign plan.
- Proposed a scope for selecting a Metro-wide contact management system.

KEY OBJECTIVES FOR FY 2014-15

- Carry out integrated parks and natural areas marketing campaign and implement public outreach and education program to build support for natural areas development. Publish Our Big Backyard, a quarterly magazine, to inform and engage residents with stories featuring Metro parks and natural areas.
- Build support for community investments, integrated corridors and Climate Smart Communities through coordinated outreach to stakeholders, community leaders and members of the public.
- Increase value of Metro's online public opinion panel and improve stakeholder relationships through implementation of Metro-wide contact management system.
- Ensure that public engagement and committees are inclusive and representative of the diversity of the region through carrying out priority actions in the Diversity Action Plan and using best practices in the Public Engagement Guide and as recommended by the Public Engagement Review Committee.
- Develop a coordinated Metro narrative and make the most of Metro's investment in the website and online information and social channels by setting up an umbrella content planning and marketing work system. Report on regional issues to generate dependable strategic content for Metro News and project pages.
- Foster department and Metro-wide use of communications best practices, resources and channels by scoping a work plan and implementing a schedule of workshops, studios and briefings.
- Implement strategic marketing plans for MetroPaint, Natural Gardening, regional travel options and coordinated living programs.
- Carry out the web governance plan, collaborate with Information Services to maintain Metro's web platform and consult on development of the OCC website.
- Respond to OCC requests for strategic and earned media for the hotel project and support the Oregon Zoo as needed with issues management and public relations.

Finance and Regulatory Services



Summary of Finance and Regulatory Services

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	4,536,336	4,475,286	5,332,010	5,363,188	5,363,188	5,363,188	0.58%
Materials and Services	2,746,166	2,980,626	4,093,232	4,034,040	4,034,040	4,074,040	(0.47%)
Capital Outlay	102,357	197,476	-	-	-	-	
TOTAL	**7,384,858**	**7,653,388**	**9,425,242**	**9,397,228**	**9,397,228**	**9,437,228**	**(0.13%)**
BUDGET BY FUND							
General Fund	3,607,222	3,665,877	4,628,354	4,363,060	4,363,060	4,403,060	(4.87%)
General Asset Management Fund	222,175	198,989	-	-	-	-	
Risk Management	1,531,054	1,751,653	2,616,951	2,452,110	2,452,110	2,452,110	(6.30%)
Solid Waste Fund	2,024,408	2,036,870	2,179,938	2,582,058	2,582,058	2,582,058	18.45%
TOTAL	**7,384,858**	**7,653,388**	**9,425,242**	**9,397,228**	**9,397,228**	**9,437,228**	**(0.13%)**
FULL-TIME EQUIVALENTS	**43.70**	**45.87**	**48.50**	**49.50**	**49.50**	**49.50**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**1.00**

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, Policy and Cleanup – As a business service, Solid Waste Compliance, Policy and Cleanup 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, Policy 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 and is playing a larger role in cleaning up illegal campsites.

BUDGET ENVIRONMENT

FRS has constructed its budget based on continuing the efficiency gains realized by by consolidating Metro and MERC business processes and staff. In FY 2014-15, staff will continue several major automation projects and begin utilizing an investment advisory service to improve reporting and provide support to existing staff. Metro's budget development software was used in building the FY 2014-15 budget. The implementation of the SQL Server database underneath the PeopleSoft Enterprise Resource Planning (ERP) system, the first step towards upgrading PeopleSoft to Rel 9.2 was implemented late in FY 2013-14; the upgrade will be completed in spring 2015. Upgrading Metro's financial systems will be underway in FY 2014-15 with a goal of reducing future processing and maintenance costs.

The budget continues support for implementation of improvements to Metro's ERP systems. FRS has also implemented a minor reorganization to direct more focused support to the Solid Waste Roadmap and integrate the solid waste rate setting process more closely with the financial planning and budgeting functions.

Metro's regulatory focus on facilities involved in reloading, transferring or processing organic waste, especially residential and commercial food waste, continues to be significant. 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

- Added 1.0 FTE Associate Management Analyst for added program support in Solid Waste Compliance, Policy and Clean Up.

PERFORMANCE MEASURES

Percentage of contracts and contract dollars awarded to MWESB firms.

	11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
Contract $	**11%**	**15%**	15%	*15%*	*15%*	*15%*	
Contract #	**24%**	**25%**	30%	*35%*	*35%*	*35%*	

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
197	**186**	200	*200*	*200*	*200*	

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
65	32	70	*70*	*70*	*70*	

Total Cost of Risk

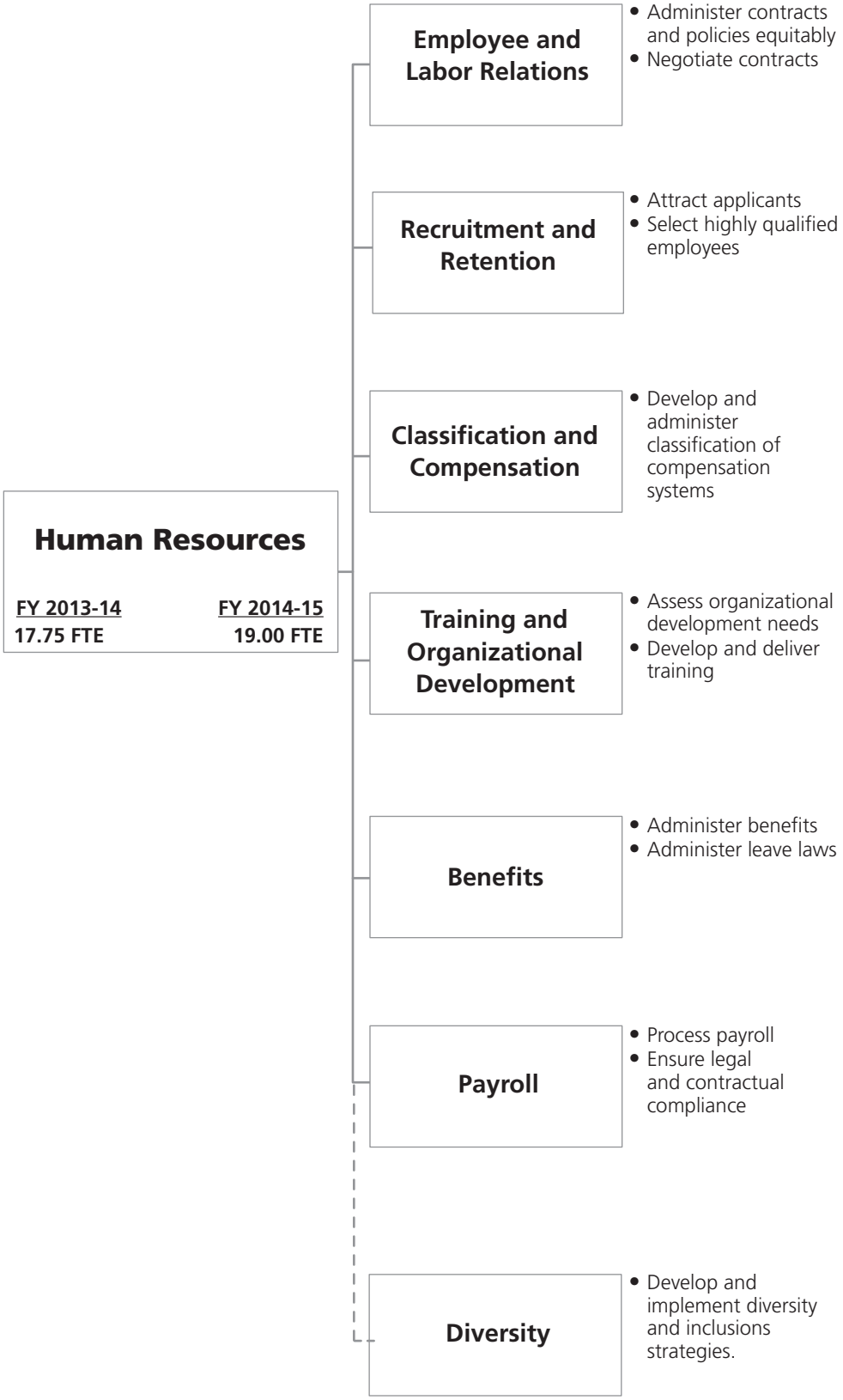
11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
<1.0%	**<1.0%**	*<1.0%*	*<1.0%*	*<1.0%*	*<1.0%*	*<1.0%*

PROGRESS ON FY 2013-14 KEY OBJECTIVES

- Started implemention of the second phase of the Solid Waste Information System.
- Completed transfer station franchise extensions.
- Began implementation of the Enterprise Resource Planning Roadmap.
- Assisted in implementing move of PeopleSoft from Oracle database to SQL Server database.
- Built FY 2014-15 budget on new budget software system.

KEY OBJECTIVES FOR FY 2014-15

- Upgrade to PeopleSoft rel 9.2 for General Ledger, Commitment Control, Procurement, Accounts Payable, Accounts Receivable, Billing, Asset Management.
- Implement the Procurement Enhancement Project.
- Migrate to one consistent purchasing card system.


Human Resources
FY 2013-14
17.75 FTE
FY 2014-15
19.00 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
• Assess organizational development needs
• Develop and deliver training
Benefits
• Administer benefits
• Administer leave laws
Payroll
• Process payroll
• Ensure legal and contractual compliance
Diversity
• Develop and implement diversity and inclusions strategies.

Summary of Human Resources

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	1,616,083	1,671,224	1,844,321	2,038,464	2,038,464	2,038,464	10.53%
Materials and Services	338,078	363,713	375,016	438,968	438,968	438,968	17.05%
TOTAL	**1,954,162**	**2,034,937**	**2,219,337**	**2,477,432**	**2,477,432**	**2,477,432**	**11.63%**
BUDGET BY FUND							
General Fund	1,954,162	2,034,937	2,219,337	2,477,432	2,477,432	2,477,432	11.63%
TOTAL	**1,954,162**	**2,034,937**	**2,219,337**	**2,477,432**	**2,477,432**	**2,477,432**	**11.63%**
FULL-TIME EQUIVALENTS	**18.00**	**17.75**	**17.75**	**19.00**	**19.00**	**19.00**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**1.25**

Human Resources

Human Resources (HR) 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 to include analyzing reclassification requests, conducting market studies, and performing larger classification studies. Staff maintains the Human Resources Information System to enhance and maintain the integrity of the data base and writes and revises employment policies.

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 organization change initiatives and provides resources for staff, management and leadership development. Staff maintains the Metro Learning Center, the on-line learning management system.

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. They engage in outreach including attending dozens of career fairs annually, participating in open houses or on-site job fairs at Metro sites, and work to promote consistent and objective selection practices.

BUDGET ENVIRONMENT

A continuing challenge for Human Resources is strategic planning for the organization's recruitment, selection, compensation, training needs and use of human resources agency-wide so that personnel services do not outpace revenue forecasts. Another current issue is meeting the upcoming mandates under the Affordable Care Act to ensure the agency's compliance. Continued implementation of the Diversity Action Plan and in particular meeting the goals of the *Employment Recruitment and Retention* and *Internal Awareness and Sensitivity to Diversity Issues* sections remain a priority for the department.

SIGNIFICANT CHANGES IN THE BUDGET

- Converted a limited duration Program Analyst III position in the Classification and Compensation program to regular status 1.0 FTE position.
- Converted temporary staffing funding to a regular status 1.0 FTE Program Analyst II position in the Recruitment program.

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.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
1:119	**1:121**	1:117*	*1:100*	*1:100*	*1:100*	*1:100*

*As of July 1, 2013

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
	7		*5*		*4*	

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
83%	73%**	69%	*75%*	*80%*	*80%*	*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 2013-14 KEY OBJECTIVES

- Prepared for and entered into negotiations to ratify successor collective bargaining agreement with AFSCME 3580 and LIUNA.
- Offered diversity training to the Senior Leadership team and introduced additional diversity related training for all employees – *Ouch Your Silence Hurts*.
- Administered the employee Cultural Compass survey and began working with the Senior Leadership Team to implement follow up action items.
- Worked to increase the effectiveness of diversity outreach in the recruitment and selection process. Refined language on job application and continued to attend job fairs with target audiences.
- Developed compensation roadmap for non-represented employees to further refine the classification and compensation system to align with the business needs of the agency.
- Continue work on agency wide strategies for compliance and implementation of the Affordable Care Act components.
- Introduced a High Deductible Health Plan coupled with a Health Savings Account and a wellness program as part of a long term strategy regarding health benefits.
- Added leave management modules to the Kronos system to refine the management of leave usage.
- Converting to pay cards for those employees currently receiving live checks is still under consideration. Did complete a campaign to convert more employees to electronic pay advices.

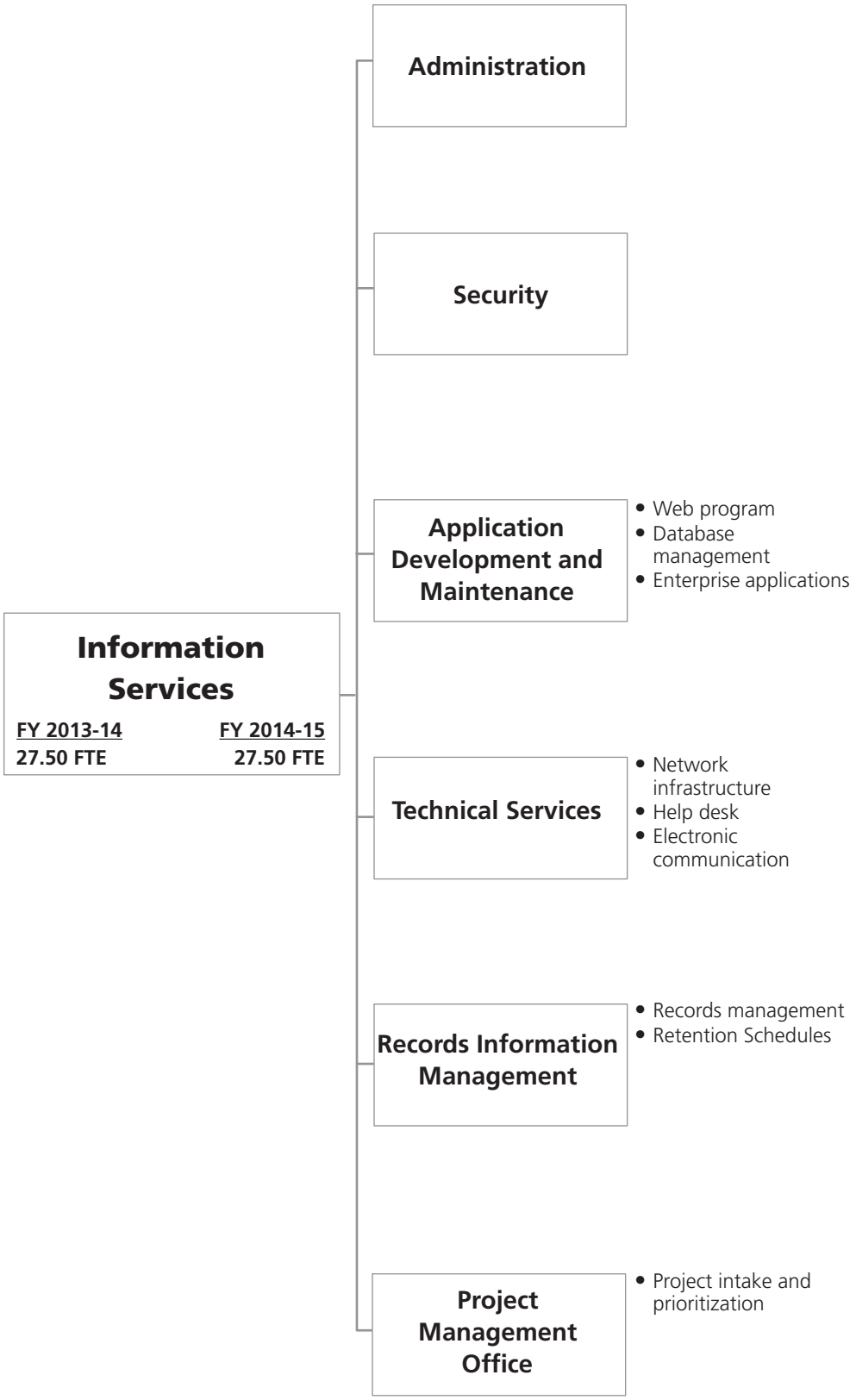
KEY OBJECTIVES FOR FY 2014-15

- Develop core area 5 focused on accessibility as an addition to the Diversity Action Plan.

- Increase diversity outreach efforts in the area of recruitment.
- Prepare for/negotiate IUOE 701-1 and ILWU 28 successor collective bargaining agreements.
- Implement health care reform's mandatory enrollment for employees who meet criteria and continue to refine health benefits to meet the mandates under the Affordable Care Act including transitioning the wellness program to a health engagement model to improve and maintain the health and wellbeing of our employees.
- Benchmark leave usage throughout the agency.

Metro

Information Services



Summary of Information Services

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	2,541,071	2,503,107	3,070,077	3,084,497	3,084,497	3,084,497	0.47%
Materials and Services	889,657	829,596	1,021,510	1,331,005	1,331,005	1,331,005	30.30%
Capital Outlay	205,804	361,138	492,596	288,020	288,020	535,620	8.73%
TOTAL	**3,636,533**	**3,693,842**	**4,584,183**	**4,703,522**	**4,703,522**	**4,951,122**	**8.00%**
BUDGET BY FUND							
General Fund	3,411,127	3,281,322	4,018,220	4,187,887	4,187,887	4,187,887	4.22%
General Asset Management Fund	225,406	412,520	565,963	515,635	515,635	763,235	34.86%
TOTAL	**3,636,533**	**3,693,842**	**4,584,183**	**4,703,522**	**4,703,522**	**4,951,122**	**8.00%**
FULL-TIME EQUIVALENTS	**26.00**	**25.50**	**27.50**	**27.50**	**27.50**	**27.50**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**0.00**

Information Services

Information Services provides the professional skills, strategies, services and tools to deliver technical and information solutions for all Metro departments in order to achieve their business goals. The department strives for results that balance our clients' needs with cost and our ability to support the solution.

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. Our development staff supports specific program needs that cannot be met through purchase of commercial web content management systems. This division also provides database management for all areas of the agency, including support for the Regional Land Information System and Geographic Information System 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 is an ever changing environment. Technology at our desks, in our pockets, in the field, within the data center and out to the Internet continues 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

- PeopleSoft Finance modules support ($61,500). This item restores funding for maintenance of PeopleSoft Financials to 100 percent. This increase is in support of Metro's 2012 decision to remain on PeopleSoft Financials.
- Wide Area Network Bandwidth ($40,000). This budget item is in response to demand for increased volume and speed of data transport between Metro locations. Provides more robust infrastructure for future plans including video and voice transport.
- Web Hosting ($45,000). Continues web hosting piloted for Metro website redesign. Provides managed support for all of Metro and MERC venue websites.

PERFORMANCE MEASURES

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
87%	**90.4%**	92%	*92%*	*92%*	*92%*	*92%*

*measured by annual customer survey

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
72%	**75.3%**	78%	*80%*	*82%*	*82%*	*82%*

Percent uptime of HR Finance and timekeeping software.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
99.5%	**99.5%**	99.5%	*99.5%*	*99.5%*	*99.5%*	

Percent uptime of network, internet and email availability.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
99.7%	**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.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
30%	**30%**	30%	*30%*	*30%*	*30%*	*30%*

PROGRESS ON 2013-14 KEY OBJECTIVES

- Work on centralized data center, to accommodate storage, networking and transport has seen significant progression. Engineering for cooling for the centralized data center has been completed and budget has been approved. Work on cooling will be completed by July 2014 at which time we will begin migrating the remainder of the systems to that location. Anticipated completion date for project is December 2014.
- Metro is working with vendors on our five-year strategy for desktop operating system and productivity tools. We expect that project to be completed in August 2014.
- The process for technology project authorization and implementation has been operational for one year. While improvements are still being made, the process has

helped raise awareness of technology projects throughout the agency and created a better understanding of ongoing versus project work.

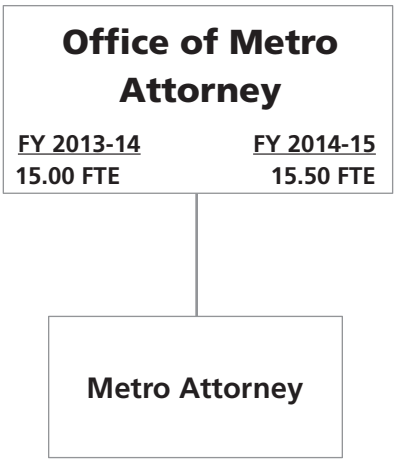
- An enterprise resource planning system was selected through a competitive process and we are awaiting budget approval to move forward in FY 2014-15. System is expected to yield increased efficiency through system integration and improved reporting.
- Metro web redesign is on track and will be completed by the end of the current fiscal year.
- Web site hosting deployment has successfully completed its pilot and is on schedule for continuation in FY 2014-15.
- All enterprise applications are on target to be converted to a standard database platform before the end of the FY 2013-14.

KEY OBJECTIVES FOR FY 2014-15

- Create draft security plan, which will include requirements for PCI compliance, patch management, regular penetration testing, education, change management and log administration.
- Complete Solid Waste Information System data warehouse pilot and examine opportunities for expanded management and operational reporting and analysis through data warehousing.
- Complete enterprise applications roadmap for all major applications including cost model for regular maintenance
- Complete assessment for Voice Over Internet Protocol.
- Review staff scheduling requirements and software options.
- Scope replacement for Metro's intranet.

Metro

Office of Metro Attorney



Summary of the Office of Metro Attorney

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change From Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	1,837,682	1,735,674	1,994,280	2,079,137	2,079,137	2,119,474	6.28%
Materials and Services	63,717	50,631	67,200	68,544	68,544	82,544	22.83%
TOTAL	**1,901,399**	**1,786,305**	**2,061,480**	**2,147,681**	**2,147,681**	**2,202,018**	**6.82%**
BUDGET BY FUND							
General Fund	1,901,399	1,786,305	2,061,480	2,147,681	2,147,681	2,202,018	6.82%
TOTAL	**1,901,399**	**1,786,305**	**2,061,480**	**2,147,681**	**2,147,681**	**2,202,018**	**6.82%**
FULL-TIME EQUIVALENTS	**15.12**	**14.50**	**15.00**	**15.00**	**15.00**	**15.50**	
FTE CHANGE FROM FY 2013-14 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); a Deputy Metro Attorney that supervises the paralegals/administrative staff seven full-time equivalent (FTE) attorneys; two paralegals; and four legal secretaries/ administrative assistants.

BUDGET ENVIRONMENT

OMA's budget for FY 2014-15 includes budget assumptions for increases in salary and materials and services.

SIGNIFICANT CHANGES IN THE BUDGET

OMA added .5 FTE to an existing .5 FTE to create a full-time FTE attorney position.

PERFORMANCE MEASURES

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
0.90%	**0.90%**	0.90%	*0.90%*	*0.90%*	*0.90%*	*0.90%*

PROGRESS ON FY 2013-14 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 Report; establishing Urban and Rural Reserves; the SW Corridor plan and East Metro connections, the Solid Waste Roadmap, the Community Investment Initiative, and Making a Great Place; Prepared and 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; 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; negotiated resolution after the Court of Appeals decision on future of Urban and Rural Reserves and drafted legislation regarding same.

- Provided legal advice and services in support of Metro's human resources mission, including executing both intergovernmental agreement with State of Oregon and new contract with Open Online for criminal background checks; negotiated all necessary legal documents relating to termination of Vanguard 401(k) provider and initiation of ICMA as 401(k) and 457 provider.
- Provided legal advice and services in support of Metro's parks and natural areas, including assistance with the purchase of multiple properties and trail easements using Natural Areas Bond Measure funds; legal advice regarding the potential Willamette Falls project, implementation of the new Parks and Natural Areas Local Option Levy, and supporting the Climate Change Initiative.
- Provided legal advice and services in support of the acquisition of TOD easements enabling the construction of several mixed use developments in transit station areas and on frequent bus corridors; provided legal advice and services in support of the creation of the Development Center's Storefront Improvement Program Workplan.
- 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 and Metro as a whole 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; successfully defended litigation against Multnomah County on hotel revenue bond funding.
- Provided legal services to assist Oregon Zoo to pursue successful contracts; analyzed legal risk for defense of tort claims that led to reduced liability, successfully defended Oregon Zoo in legal claims, provided legal services assisting the implementation and oversight of the Oregon Zoo Bond Measure.

KEY OBJECTIVES FOR FY 2014-15

- In support of Metro's goals of safe and reliable transportation and vibrant communities, advise Metro on land use and transportation matters, including assist with resolution of remaining Urban and Rural Reserves designations; 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 RISE initiative and regional infrastructure funding, as well as provide legal advice and support for the Community Planning and Development Grants and draft IGAs with local jurisdictions to award these grants; provide legal advice and support for the Metro Development Center's TOD Program and Development Center, including TOD Easement transactions and storefront improvement grants; 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.

Non-departmental summary

Summary of Non-departmental expenses

	Audited FY 2011-12	Audited FY 2012-13	Amended FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15	% Change hrom Amended 2013-14
BUDGET BY CLASSIFICATION							
Personnel Services	-	70,565	118,205	-	-	-	(100.00%)
Materials and Services	1,947,321	2,105,660	6,078,060	6,362,935	6,362,935	6,362,935	4.69%
Capital Outlay	(327)	14,879	104,000	129,150	129,150	154,150	48.22%
Debt Service	63,347,987	64,727,521	39,363,187	40,385,349	40,385,349	40,385,349	2.60%
Inernal Service Transfers	2,835,328	3,718,221	5,000,442	2,133,033	2,133,033	2,133,033	(57.34%)
Interfund Reimbursements	9,167,136	10,118,777	9,885,541	11,578,312	11,578,312	11,578,312	17.12%
Fund Equity Transfers	9,933,379	6,544,607	6,311,365	8,288,765	8,288,765	8,288,765	31.33%
Interfund Loans	-	-	2,670,800	3,472,940	3,472,940	3,472,940	30.03%
TOTAL	**87,230,825**	**87,300,230**	**69,531,600**	**72,350,484**	**72,350,484**	**72,375,484**	**4.09%**
BUDGET BY ORGANIZATION							
General Fund	8,509,065	9,283,550	14,455,697	13,518,482	13,518,482	13,543,482	(6.31%)
General Asset Management Fund	(326)	-	200,000	-	-	-	(100.00%)
General Obligation Debt Service Fund	60,330,930	50,024,895	36,347,675	37,231,175	37,231,175	37,231,175	2.43%
General Revenue Bond Fund	1,717,207	13,167,171	1,295,441	1,367,793	1,367,793	1,367,793	5.59%
MERC Fund	6,137,175	4,548,947	5,131,804	5,680,018	5,680,018	5,680,018	10.68%
Natural Areas Fund	1,517,109	1,749,140	1,885,809	1,673,177	1,673,177	1,673,177	(11.28%)
Natural Areas Local Option Levy Fund	-	-	1,679,953	3,137,347	3,137,347	3,137,347	86.75%
Community Enhancement Fund	33,287	33,465	114,602	58,951	58,951	58,951	(48.56%)
Risk Management	871,750	271,557	301,961	301,451	301,451	301,451	(0.17%)
Smith and Bybee Wetlands Fund	96,287	99,571	110,102	107,596	107,596	107,596	(2.28%)
Solid Waste Fund	7,720,363	7,829,256	7,766,403	8,898,408	8,898,408	8,898,408	14.58%
Zoo Infrastructure/Animal Welfare Fund	297,978	292,677	242,153	376,086	376,086	376,086	55.31%
TOTAL	**87,230,825**	**87,300,230**	**69,531,600**	**72,350,484**	**72,350,484**	**72,375,484**	**4.09%**
FULL-TIME EQUIVALENTS	**0.00**	**1.00**	**1.00**	**0.00**	**0.00**	**0.00**	
FTE CHANGE FROM FY 2013-14 AMENDED BUDGET							**(1.00)**

Non-departmental summary

The expenditures listed in the non-departmental 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 and costs such as election expenses that do not occur every year.

PERFORMANCE MEASURES

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

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
YES	**YES**	YES	*YES*	*YES*	*YES*	*YES*

Maintains agency's underlying AAA/Aaa Bond Rating.

11/12	**12/13**	13/14	*14/15*	*15/16*	*16/17*	*17/18*
YES	**YES**	YES	*YES*	*YES*	*YES*	*YES*

Highlights of the FY 2014-15 non-departmental budget are:

- Debt service on general obligation bonds totaling $37.2 million.
- Debt service on pension obligation bonds of $1.8 million.
- Debt service on full faith and credit bonds for Metro Regional Center of $1.4 million.
- Transfer of $1.8 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 $1.2 million from the MERC Fund to the General Revenue Bond Fund for debt service on outstanding bonds at the Expo Center.
- Interfund loan payment of $228,800 from the MERC Fund to the General Fund, for the OCC Streetcar assessment loan.
- Interfund reimbursements of $10.7 million for agency-wide central service functions such as accounting, legal services, communications, risk management and Metro Regional Center management.
- Transfer of $301,500 from the Risk Fund to the General Fund for risk personnel budgeted in the General Fund.
- Payments of approximately $1.2 million for claims from Metro's Risk Management unemployment, liability, property and workers' compensation programs.
- Payments of approximately $783,000 in purchased insurance for Metro's Risk Management liability, property and workers' compensation programs.
- Transfer of $1.9 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 $844,000 in PERS Reserve balances from various funds to the General Fund.
- Transfer of $600,000 from the General Fund to MERC to support projects at the Oregon Convention Center and Expo Center designed to increase the competitiveness of the facilities.
- Transfer of $140,000 from the General Fund to the Solid Waste Revenue Fund to support the agency-wide Sustainability program.

General Fund special appropriations: $4.7 million

- $3.9 million for Construction Excise Tax grants to local governments for concept planning.
- $229,400 for the TriMet passport program, Metro's primary employee commute option strategy.
- $135,000 for Metro's required outside financial audit.
- $125,000 for election expenses.
- $37,000 for general agency dues for Regional Water Providers Consortium and Lloyd Business Improvement District.
- $15,000 for the Multnomah County Drainage District special assessment.
- $10,000 for memberships in four regional economic alliance organizations.
- $1,500 for membership in the One Willamette River Coalition.
- $21,300 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.
  - $25,000 for the Regional Disaster Preparedness Organization.
  - $15,000 for First Stop Portland.
  - $15,000 for Rail~Volution.
  - $9,000 for Transportation for America (T4A).