



# Adopted budget

FY 2016-17 | Summary



If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we’ve already crossed paths.

**So, hello. We’re Metro – nice to meet you.**

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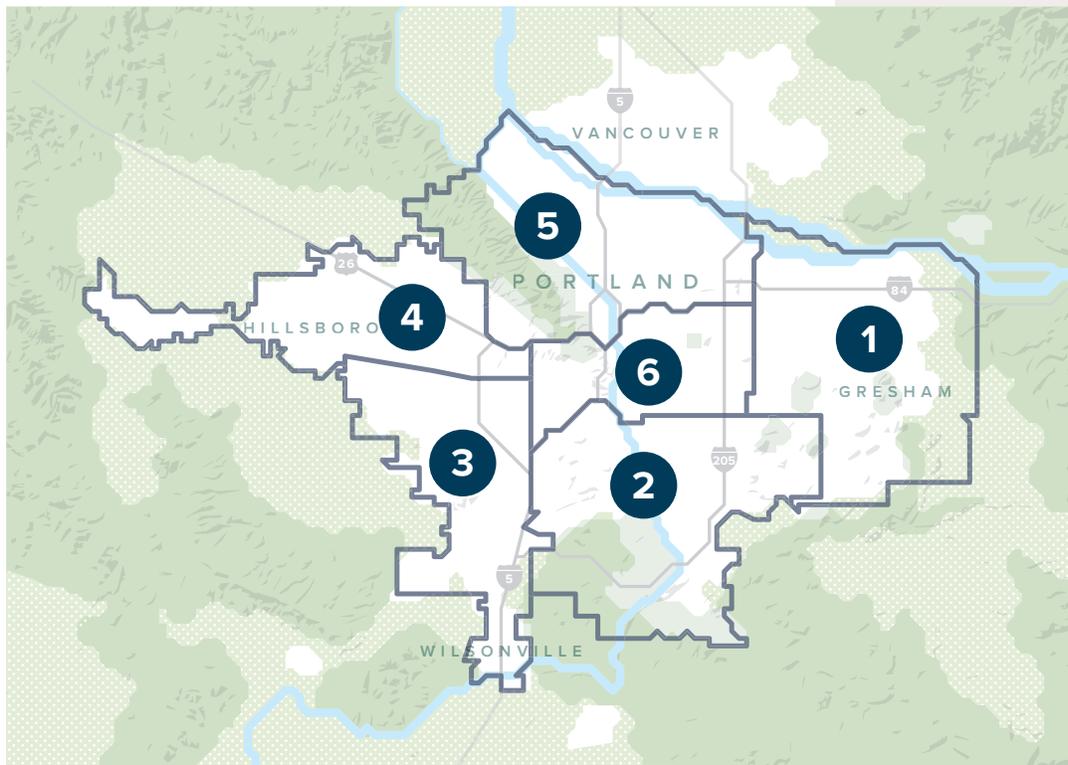
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# Adopted Budget Fiscal Year 2016-17

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Metro's adopted budget for FY 2016-17 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 and information regarding Metro's charter.

### **Budget summary**

This section provides a comprehensive summary of the budget. It provides information on schedule of appropriations, property tax calculation, budget environment, revenues and expenditures, including trends and fund summaries, and summarizes staffing changes. It also includes the summaries of both the debt and five-year Capital Improvement Plan. Metro's financial policies are also included in this section.

### **Organizational summary**

The organizational summary presents Metro's appropriations units as required by Oregon budget law. Departments 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 adopted 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 16 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 2016-17 through 2020-21 is included in the FY 2016-17 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.

April 2016

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

I am pleased to present Metro's FY 2016-17 proposed budget for Metro Council consideration. Preparation of the budget is an opportunity for the Council, Metro staff and the public to take stock of how we're faring as a region, to evaluate our progress towards the six desired regional outcomes, and to ensure that our programs and activities are effective and efficient in providing excellent public services to the people of our region. This proposed budget positions Metro to continue to implement 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.

Three major themes frame this proposed budget:

**Implementing our goals and strategies for equity, diversity and inclusion.**

As an agency focused on the future, we know that our region's population will be more racially and ethnically diverse in the future than it is today. We also know that many people in our region face barriers that make it harder for them to succeed.

For several years, Metro has made significant investments in improving the diversity of our workforce, increasing the percentage and dollar value of the contracts we award to minority, women, and emerging businesses, improving our relationships with historically underserved communities, and ensuring that all of the region's residents have access to the six desired regional outcomes.

In 2012, the Metro Council adopted a Diversity Action Plan for Metro and launched an effort to create an Equity Strategy for Metro. The FY 2015-16 budget included investments in many programs and activities that implement those plans (even as the Equity Strategy is under development). This proposed budget would increase funding for those programs and activities in every department of Metro. Some of the highlights of the proposed budget include:

- continued support for the Diversity, Equity and Inclusion Team in the Office of the Chief Operating Officer;
- increasing staffing at the Oregon Zoo and adding staffing at Portland's 5 Centers for the Arts responsible for outreach to the schools that serve communities of color;
- implementation of the Parks and Nature System Plan and continued funding for Partners in Nature and for the native foods project in the Parks and Nature department;
- support for implementing several of the recommendations of the Equitable Housing Strategy including the Housing Planning and Development Grants approved by Council in February and development of a housing funding collaborative;
- matching funds for a report on the profile of communities of color in Washington County in partnership with the Coalition for Communities of Color and Washington County, and the cities of Beaverton, Hillsboro and Tualatin;
- staff training to increase the ability of Metro staff to implement these plans.

In addition to these specific items, the proposed budget includes a recommendation to reserve a portion of contingency to implement actions that we expect will be included in the Equity Strategy, which is currently scheduled for adoption June. Reserving these funds will enable Metro to act quickly on the to-be-adopted strategy rather than wait an entire fiscal year before moving forward. Some of the activities that we anticipate will be high-priority actions include implementing a youth engagement

## **Chief Operating Officer's Budget Message**

strategy, building capacity of community based organizations to work with Metro, and improvements to our hiring and selection process to increase our ability to recruit, hire, and retain diverse employees.

#### **Investing in Metro's infrastructure.**

As in the past two fiscal years, this proposed budget recommends that Metro invest in taking care of our systems and structures. As with many public agencies, some investments in our capital assets, our technology, and our business processes were deferred during the Great Recession. The proposed budget includes funding to address these deferred investments and also to increase our efficiency.

- *Technology.* The proposed budget includes significant investments in our technology infrastructure, all of which are needed to update systems that have become outdated over time. Many of these systems are essential to our ability to operate key services. Major expenditures are proposed to bring Metro into compliance with security requirements for credit cards and for upgrading our telephone systems in the Metropolitan Exposition Recreation Commission (MERC) visitor venues. We will invest in new audio/visual equipment, new fiber optic cable, and an upgrade in Wi-Fi equipment at the Oregon Convention Center. The proposed budget also includes funding for a roadmap for replacing the business and data systems at the Oregon Zoo.
- *Buildings and Physical Assets.* The proposed budget invests in maintaining Metro's capital assets, especially the Metro Regional Center (MRC). Metro will replace the roof on the MRC, seal a significant leak in Apotheker Plaza, complete resealing the exterior of the building, replace the building security system and begin design and engineering for the replacement of the HVAC and air handlers. Other significant capital projects are planned for the four visitor venues to ensure the buildings are attractive, safe, efficient, and ready to welcome guests. For example, the proposed budget includes replacing the roof at the Keller Auditorium and upgrades to the HVAC system at Expo.

#### **Preparing for FY 2017-18.**

Every year, Metro staff look not only at the upcoming fiscal year but also at a five year forecast of revenues and expenditures. We use the best information that we can obtain to look ahead, incorporating things that we know will occur on both the revenue and expenditure sides of the budget. In FY 2017-18, Metro will face an increase in our payments for the Public Employee Retirement System (PERS), and that increase will be between 3 percent and 6 percent of total payroll. In addition, some departments, particularly those who hire seasonal or event-driven staff, will increase wages in accordance with Oregon's new minimum wage law. At this time, we are not forecasting that Metro's general revenues will increase enough to cover these additional costs in FY 2017-18. As a result, I developed the proposed budget with a cautious approach to adding new programs and services, particularly in Metro's General Fund. In particular, there are few recommended new positions that affect the General Fund. The proposed budget includes 1.5 new regular status employees in the General Fund to respond to workload demands or legal requirements. There are also 1.5 limited duration FTE proposed for work on specific council-directed programs, specifically the Willamette Falls Legacy Project and the implementation of the Equitable Housing Strategy.

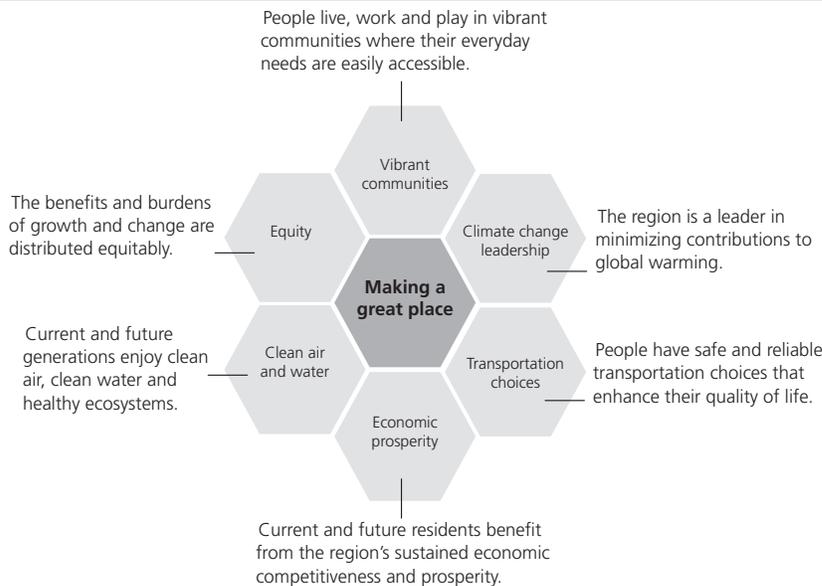
#### **How the budget proposal was developed**

In two retreats in the winter of FY 2015-16, the Metro Council met to provide direction about the Council's strategic priorities for the next three to five years and about the key Council initiatives that would focus their efforts through FY 2016-17. Based on this direction, 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; and provided a modest increase of 2.00 percent allocated to departments to cover inflation in their materials and services costs. Departments were also asked to think through their highest priority programs and activities in this fiscal year in preparation for FY 2017-18.

As we have in the past three years, we used three tools to frame the proposed budget. First, this proposed budget is anchored by the region’s six desired outcomes. Developed in a collaborative process and adopted by the Metro Council in 2010, the six outcomes focus on what makes this region a great place. Department’s activities and programs are tested against whether they are making these outcomes more likely over time.

### Region’s six desired outcomes



Second, the Department Directors and I used the Metro Compass to develop the Budget. The Metro Compass helps us ensure that Metro’s programs and activities achieve our vision for the region, deliver on our core mission, and build public trust in Metro.

### Metro Compass



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

### **Council Initiatives**

As in past years, the Council identified several programs and projects as high priority items for funding. These programs, activities and projects are funded immediately after Metro's legal and policy requirements are met. In FY 2016-17, those initiatives include:

- Corridor Projects:
  - Southwest Corridor Project
  - Powell Division project
- Equity Strategy and Diversity Action Plan implementation
- Solid Waste Roadmap
- Oregon Convention Center, Expo Center, and Portland's capital and business plans
- Willamette Falls Legacy Project
- Oregon Zoo Bond Projects
- Parks and Nature System Plan implementation
- 2018 Regional Transportation Plan
- Least Cost Planning
- Regional transportation funding
- Equitable housing strategy next steps
- 2015 urban growth management follow up

### **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, and the Diversity, Equity and Inclusion Team.

The Metro Council leads Metro towards a regional vision of vibrant neighborhoods, economic prosperity, clean air and water, safe and reliable transportation, and equity for all. The proposed budget enables Council to guide key agency projects, particularly those around economic development and equity.

#### **Office of 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. There are no service level changes proposed for FY 2016-17.

## **Parks and Nature**

Parks and Nature's mission is to protect water quality, fish and wildlife habitat, and create opportunities to enjoy nature close to home through a connected system of parks, trails and natural areas.

This budget continues the funding for the local option Parks and Natural Areas levy, now in its fourth year. The budget includes FTE additions due to department organization changes from the prior year, as shift from communications to Parks and Nature and the addition of a 0.5 FTE public affairs specialist for the Willamette Falls Project.

## **Planning and Development**

Planning and Development provides a broad scope of planning services that assure Metro's compliance with federal and state land use and transportation planning requirements, manages grants to other agencies, leverages community development and stimulates private investments in communities that support Metro's desired outcomes in the region.

Major budget changes in the department for FY 2016-17 are reductions in budgeted amounts for Southwest and Powell Division Corridors, and Transit Oriented Development materials and services to better reflect historical spending patterns. Also, the Development Center added 0.50 FTE Limited Duration Principal Planner to support Equitable Housing program for 2 years.

## **Research Center**

Research Center serves Metro's six regional outcomes by providing information that enables Council and client departments to make informed plans and decisions. The Research Center coordinates data and research activities with partners in government, academic institutions and the private sector.

The FY 2016-17 budget reflects a continued review and changes in the organizational structure. This budget reflects those continuing changes.

## **Property and Environmental Services**

Property and Environmental Services (PES) 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 promoting sustainable resource management through waste reduction initiatives, hands-on interpretive programs, youth and adult education, grants, demonstration projects, and volunteer opportunities.

This budget adds FTE to oversee an additional illegal dumpsite cleanup crew and reflects moving two FTE moving from Finance and Regulatory Services (FRS) to Solid Waste Compliance and Cleanup in PES. It also reflects several large capital projects at the MRC, including; roof replacement, building envelope repairs and a partial 2nd floor furniture remodel.

## **Visitor Venues**

Metro's Visitor Venues include the Oregon Convention Center (OCC), Portland's Centers for the Arts (Portland's), 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.

The FY 2016-17 budget is the second year of the Oregon Zoo being in its own enterprise fund. We believe this will help continue transparency and assist with the long-term financial management of the zoo.

The OCC Convention Hotel is expected to financially close during FY 2016-17. This will help enhance the OCC marketability for additional conventions to national audiences.

Portland's and Expo center are looking forward to solid years. The overall MERC fund will be adding 3.5 FTE.

## **Operational Support**

### **Communications**

Metro's communications department supports the Metro Council and departments in providing public involvement in key agency decisions. Audiences include other government partners, specific advocacy groups, media outlets and the general public.

The FY 2016-17 budget shows a new funding model for Communications. In prior years Communications was a mix of direct and cost-allocated staff members. In FY 2016-17 Communications now is funded in two categories. A group of Communications staff who focus on Metro-wide projects and services remain cost allocated. The three Communications work teams that focus respectively on Property and Environment Services, Planning and Development and Parks and Nature are now directly paid for by those departments to reduce the complexity of previous cost-transfers and to better align resources with agency priorities.

There is an addition of a 1.0 FTE supervisor to manage the Parks and Environmental services work team.

### **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 and sets rates for public solid waste disposal facilities.

The FY 2016-17 shows a transfer of 2.0 FTE from FRS to the Solid Waste Compliance and Cleanup portion of the PES budget.

### **Human Resources**

Human Resources is a full service HR department providing benefits, classification and compensation, employee and labor relations, organization development and training, recruitment and selection, and systems administration for the agency.

There is the addition of one labor and employee relations analyst to address workload demands. Funding will be placed in contingency for a recruitment analyst to further the diversity and equity work as it relates to recruitment and selection at Metro, pending review of HR staffing and development of coordinated diversity spending plan

### **Information Services**

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

The 2016-17 reflects several large projects, including agency wide backup, Payment Card Industry Compliance and an application roadmap for the Oregon Zoo.

### **Office of Metro Attorney**

The Office of Metro Attorney (OMA) 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.

There are no budget additions for FY 2016-17.

### **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 2016-17 the proposed rate will increase by 28 cents per ton; excise tax on other Metro facilities and services remains at 7.5 percent. Discretionary excise tax is expected to generate \$18 million. Construction excise tax collections have continued to remain strong. The tax was extended by the Metro Council in September 2014.

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 \$14 million for discretionary purposes. The Parks and Natural Areas Local Option Levy at .096 per thousand, also raises about \$14 million a year. The levy for general obligation debt will be \$31 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 \$0.39, or about \$78 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 2016-17 budget maintains \$25,000 for regional economic development membership, \$50,000 for Intertwine organizational support, and \$40,000 to support Washington County Communities of Color, the regional indicators project housed at Portland State University. The annual Metro Tourism Opportunity Competitiveness Account transfer to MERC is continued at \$600,000 and designated for OCC and Expo operations.

## **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 \$145.1 million CIP ending plan includes 183 projects, about one quarter new capital projects and three quarters scheduled renewal and replacement projects. On a funding basis, it is the reverse – about 82 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 2016-17 this includes the MLK Plaza at OCC, compactors at the transfer stations and several levy projects. The Oregon Zoo Infrastructure and Animal Welfare Bond will complete construction of the Education Center and begin the process for the Polar Bear Habitat 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 2016-17 will be \$1.2 million. Significant renewal and replacement projects for FY 2016-17 include an agency-wide renovations to the entry plazas at the Oregon Convention Center and roof replacements at the Expo Center and Metro Regional Center.

## **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 continue to be strong overall. The expenditure limit for FY 2016-17 is \$21.8 million; budgeted expenditures are \$21.3 million. The proposed budget does not exceed this limitation.

I look forward to your deliberations.

Sincerely,

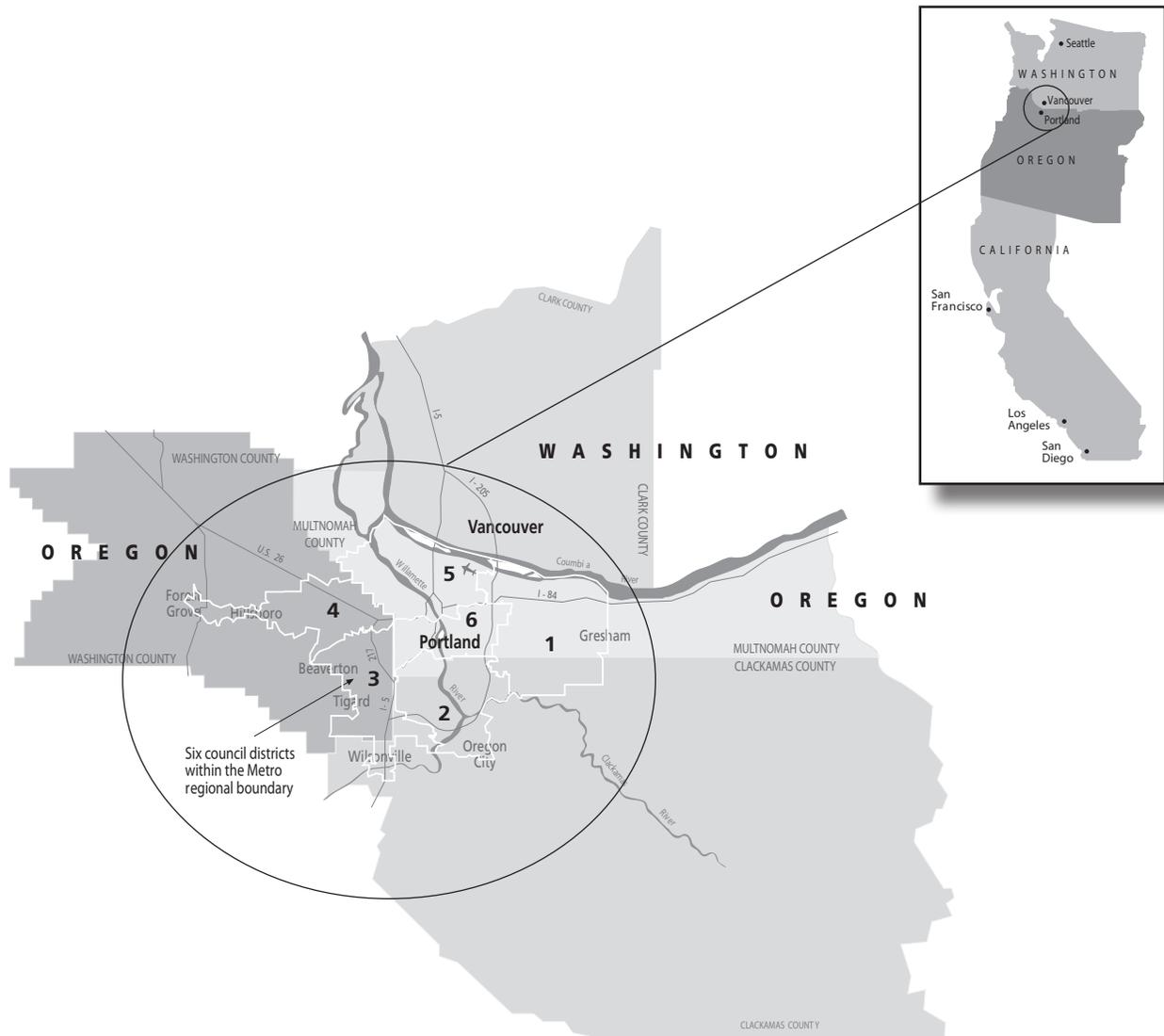


Martha J. Bennett  
Chief Operating Officer.

# What is Metro

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

Metro crosses city limits and county lines to make a better, brighter and wilder tomorrow. From protecting our region's air, water and natural beauty to supporting neighborhoods, businesses and farms that thrive, Metro makes this a great place. Metro serves more than 1.5 million residents in Clackamas, Multnomah and Washington counties, and the 24 cities in the Portland metropolitan area. Metro, the only directly elected regional body in the United States, is governed by a president, elected region-wide, and six councilors elected by district. Metro's home rule charter, approved by voters in 1992 and amended in 2000, assigns Metro responsibilities for engaging people in regional land use and transportation planning, and for other issues of metropolitan concern. The charter also reflects Oregon's strong commitment to participatory democracy by requiring that Metro councilors be elected by the people, visible and accountable.

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

### **HISTORY**

Metro was first formed in 1979 when voters approved the merger of the Columbia Region Association of Governments with the Metropolitan Service District. Columbia Region Association of Governments 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.

Since then, the Oregon Legislature, with the concurrence of the cities, counties and other agencies in the region, assigned additional responsibilities to Metro. In 1980 Metro became responsible for regional solid waste disposal when it took over operation of one existing, publicly owned regional landfill and began construction of a solid waste transfer station. In 1986 voters approved general obligation bond funding for the Oregon Convention Center, to be built and operated by Metro. In 1990 Metro assumed management responsibility for the Portland Center for the Performing Arts, Portland Civic Stadium and Portland Memorial Coliseum (Metro no longer manages the stadium or the coliseum. Both are now managed by the City of Portland). 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 home rule charter was approved by voters in 1992. Prior to that, Metro was organized under a grant of authority by the Oregon Legislature and the Oregon Revised Statutes. Metro's powers were limited to those expressly granted by the Legislature, and any extension of that authority first had to be approved by the Legislature.

With the growth of the Portland region, voters were asked whether Metro's power and authority should be controlled directly by the voters of the region and not the state legislature. In 1990 the Legislature referred a constitutional amendment to the voters to allow the creation of a home rule regional government in the Portland metropolitan area. Voters approved the amendment and a charter committee was formed shortly thereafter. In 1992 Metro's charter was referred to and approved by the voters. Metro thereby achieved the distinction not only of being the nation's only elected regional government (as it had been since 1979), but also the only regional government organized under a home rule charter approved by voters.

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

## **REGIONAL LEADERSHIP AND SERVICE**

### **Self-sufficiency**

About half of Metro's operating revenues come from fees paid by customers who use Metro's facilities or services such as recycling and solid waste disposal. Other revenues include grants, intergovernmental funds, property taxes for voter-approved bond issues and a small permanent tax base (\$14.1 million), which is allocated annually through the budget process.

### **Projects and programs**

Metro has emerged as a leader of regional initiatives – a collaborative partner, facilitator, technical assistance provider, process manager and advocate. Metro has involved regional homebuilders in the Nature in Neighborhoods program, teaching them how to develop projects that minimize water runoff and negative impacts on natural areas. Metro and its county partners reached an historic collaborative agreement to guide the future growth of the region for the next 50 years, setting aside 28,000 acres for future development if needed and protecting 270,000 acres of farms, forests and natural areas. The Metro-planned Orange Line of the regional light rail system opened in September 2015, and includes the nation's first transit, pedestrian and transit-only bridge built in decades.

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's Centers for the Arts and Portland Expo Center. These venues host hundreds of events each year, drawing millions of people and creating tens of millions of dollars of local economic benefit.

### **Metro every day**

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

Additionally, Metro is a leading player in preserving and expanding the natural areas available to the people of the region. This includes an interconnected system of parks, trails and greenways. 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. Voters passed a property tax levy that provides more

than \$10 million a year through 2018 to take care of the more than 17,000 acres of parks and natural areas Metro acquired with voter-approved bonds. The levy will support projects that will protect clean air and water and better access to nature for everyone.

### **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 ensures the region makes the most of its cities and towns and the roads, bridges, sewers, parks and other public structures and systems needed to create a community.

### **Green Choices**

Metro's commitment to sustainability goes beyond its conservation, recycling and regional planning programs. Metro also teaches the community about safe and healthy choices in building and street design and natural gardening and recycling as ways to improve quality of life and leave a legacy for future generations. This is done through partnerships, seminars, publications, demonstration projects, clinics, tours and in-school presentations for teachers and students.

### **Waste Management and Recycling**

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

# Metro Charter

A home rule charter defines Metro's structure, assigns its working priorities and grants the power necessary to achieve its priorities. A home rule charter is a grant of power directly from the citizens of the jurisdiction rather than a grant of power from a legislature or some other body.

The voters of the region approved a home rule charter for Metro in 1992 and a charter amendment in 2000. Prior to the amendment, Metro was governed by a seven-member Council that was responsible for the policy direction of the organization and for legislative oversight of management activities. A regionally elected Executive Officer was responsible for carrying out the policy directives of the Council, day-to-day management of the organization and recommending policy initiatives to the Council. As a result of the charter amendment, effective Jan. 6, 2003, the Council and Executive offices were consolidated. Under the new structure, the number of districts and the number of Councilors were reduced to six. A regionally elected Council President presides over the Council, sets the policy agenda for the Council and has the authority to appoint all members of Metro committees, commissions and boards. A Chief Operating Officer is appointed by the Council President with Council consent and is responsible for day-to-day management of Metro.

The Metro charter also created the elected position of Metro Auditor. The Metro Auditor is responsible for engaging Metro's independent, outside financial auditor and for conducting performance and management audits of Metro operations and functions.

The home rule charter sets Metro's working priorities. Metro's primary responsibility under the charter is regional land use planning. To this end, Metro was required to adopt a future vision for the region. The Metro Council adopted the future vision document on June 15, 1995.

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

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

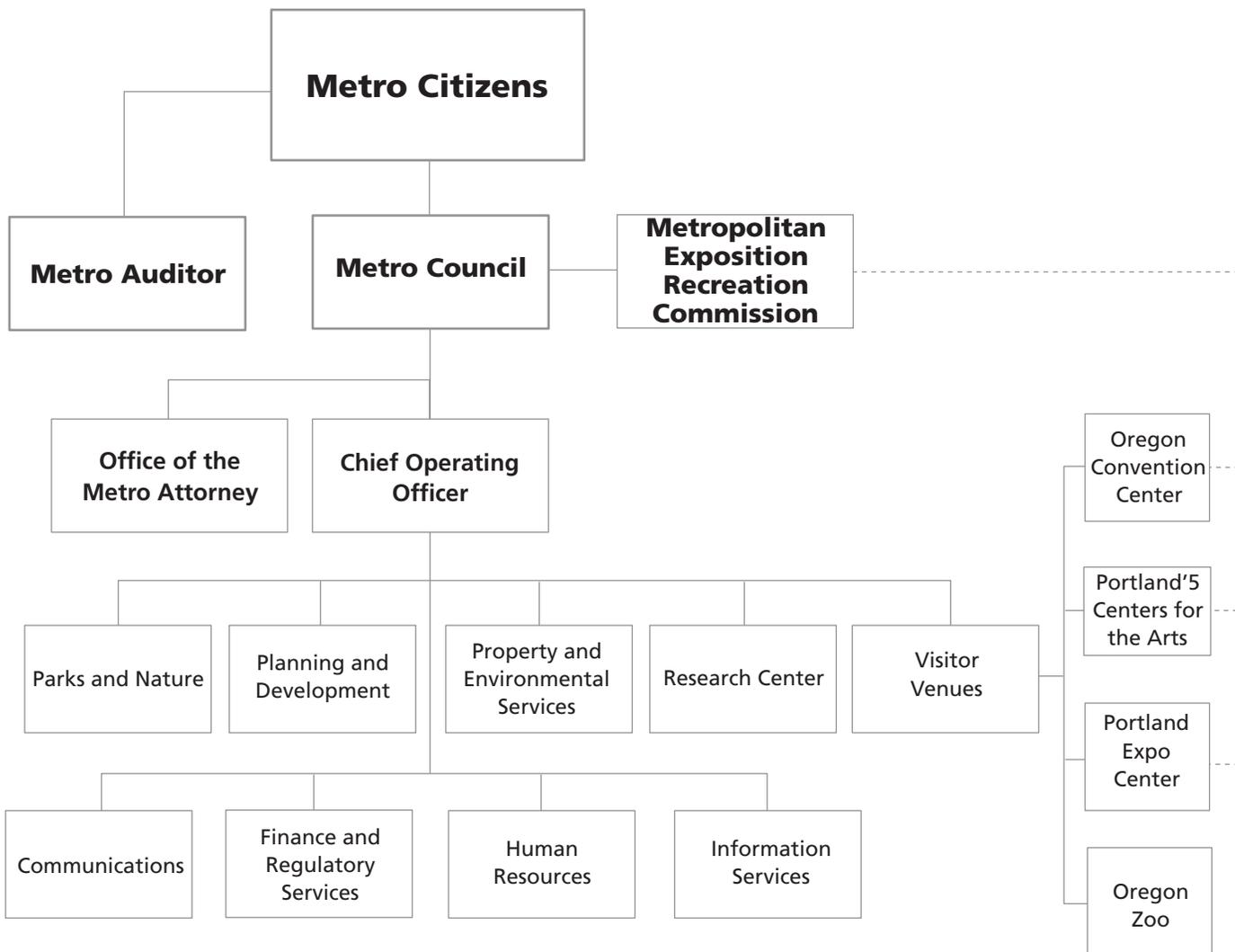
In June 2010 elected leaders from Clackamas, Multnomah and Washington counties and Metro worked together to identify the best places for future growth in the region and the most important lands to protect from development for the next half century. Because of the collaborative work, 266,954 acres of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

Although the charter makes regional land use planning Metro's primary responsibility, it also recognizes the significant role Metro has in other regional issues such as solid waste disposal, and the operation and development of regional recreation and visitor facilities such as the Oregon Zoo, the Oregon Convention Center and regional parks and open spaces.

Finally, the charter recognizes that regional government and regional issues evolve over time. The charter grants Metro authority to assume responsibility for issues of metropolitan concern. This allows Metro to work with local jurisdictions as needed to develop common solutions to problems that may exceed local boundaries and may be more difficult to address at the local level.

In addition to defining Metro's structure and priorities, the charter gives Metro the tools necessary to meet its financial resource needs. The charter gives Metro authority to ask voter approval for broad-based revenue sources. These sources include traditional revenues such as property tax, sales tax or income tax. The charter grants Council authority to adopt taxes of limited applicability without a vote of the people. The charter requires the Council to appoint a citizen review committee when it is considering the adoption of a new limited tax. These niche taxes could include a broad list of revenue sources levied on limited activities such as cigarette sales, real estate transfers, hotel/motel occupancy, etc. Expenditures from non-voter approved revenue sources are limited by charter to no more than \$12.5 million per year (in 1992 dollars). This expenditure limitation increases in each subsequent fiscal year by a percentage equal to the rate of increase in the Consumer Price Index (additional information on this charter limitation is available in the *Appendix* of this budget). Metro's FY 2016-17 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 2021         |
| Kathryn Harrington | Councilor- District 4   | January 2007  | January 2019         |
| Sam Chase          | Councilor- District 5   | January 2013  | January 2021         |
| Bob Stacey         | Councilor- District 6   | January 2013  | January 2021         |
| Brian Evans        | Metro Auditor           | January 2015  | January 2019         |

Metro's organizational structure includes three offices (Metro Council, Metro Auditor and Metro Attorney), Visitor Venues (Oregon Convention Center, Portland Expo Center, Portland's Centers for the Arts and Oregon Zoo) and eight departments (Parks and Nature, Property and Environmental Services, Planning and Development, Research 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 "common good" 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 (COO); Government Affairs and Policy Development; and, the Diversity, Equity and Inclusion program. The Council sets 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's Centers for the Arts, the Portland Expo Center and the Oregon Zoo, reports to the General Manager of Visitor Venues. Nearly half 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 Metropolitan Exposition Recreation Commission (MERC) was established in 1987 and provides citizen oversight for the Oregon Convention Center, the Portland's Centers for the Arts (Portland's) and the Portland Expo Center (Expo). The management of the Portland's Centers for the Arts was transferred to Metro 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. The seven-member MERC

advises the General Manager and Metro's COO. The commissioners are appointed by Metro to serve four-year terms. The Metropolitan Exposition Recreation Commission does not oversee the Oregon Zoo.

### **Oregon Zoo**

The Oregon Zoo provides important conservation 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 also contributes cutting edge science and research about species conservation and breeding. The zoo supports economic development as a tourist attraction and community asset. As the state's top paid attraction, the zoo draws approximately 1.5 million visitors annually.

### **Parks and Nature**

Parks and Nature focuses on the provision of accessible regional natural areas, parks and trails, including Metro's cemeteries, golf course and marine facilities. The mission of Parks and Nature is to demonstrate and inspire sustainable stewardship of the region's natural resources. The department also focuses on restoring natural areas and on planning, building and maintaining parks and trails.

### **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.

### **Property and Environmental Services**

Property and Environmental Services manages Metro's headquarters and many other facilities. Property and Environmental Services 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 household hazardous 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. Property and Environmental Services also promotes sustainable management of resources through waste reduction initiatives, youth and adult education and volunteer opportunities, grants and demonstration projects.

### **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.

## **Communications**

Communications provides public involvement, media relations, marketing, writing, web and design services to advance Metro Council policy initiatives and Metro-department-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 Public Engagement Review Committee.

## **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, and Risk Management. 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; processes the agency payroll; and directs solid waste rate setting and tax compliance.

## **Human Resources**

Human Resources is dedicated to attracting and retaining an effective, engaged work force that reflects the community Metro serves. It provides key services like recruitment and staff development, classification and compensation, labor and employee relations, benefits administration. Human Resources also manages the agency's Human Resource Information System and works directly with the labor unions that represent many Metro employees.

## **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.

**Metropolitain 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.



- 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 Development 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.
- 2015 ○ Elephant Lands opens, a major project of the voter-approved 2008 Oregon Zoo bond measure, dramatically increased the elephant habitat from 1.5 to 6 acres. The LEED Gold facility features a 160,000-gallon pool, hilly corridors, shady areas, an expansive indoor space, and automatic feeders to promote natural behavior.

2016



Metro's AAA bond rating was reaffirmed and received \$30 million from the 200 Oregon Zoo voter-approved bond measure.

Metro Council adopted the Parks and Nature System Plan which lays out Metro's mission and role, the state of the portfolio today, trends that will shape this work and a slate of strategies to guide the future of Metro's park and natural areas system.

# Budget summary

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Metro uses many important tools in building the budget, but one of the most important 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.

The Public Employee Retirement System (PERS) sets the rate for a two-year period, the current beginning in July 2015. PERS will release the new rate in July 2017. 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 2017 increase is expected to be around 6.0 percent and that has been factored into the forecasts.

Metro has also implemented a specific cost sharing formula for its health insurance programs: most employees, regardless of bargaining group, pay an 8 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**

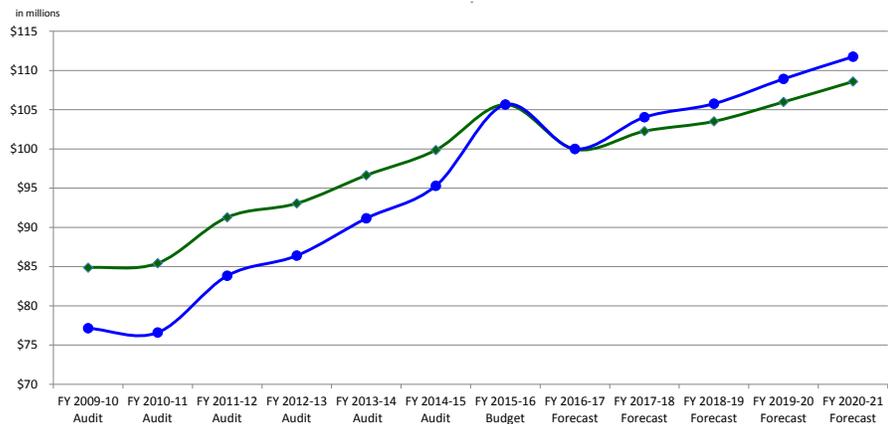
Each fund also has assumptions unique to its operations. Factors such as general and specialized taxes, federal and state grant funding, tonnage or attendance-driven enterprise activity impact the funds differently. Interest earnings calculations remain historically low and are applied uniformly. The 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 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. Currently the Metro Council is reviewing the possibility of asking voters to renew the levy in November of 2016. 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.

The General Fund includes three important discretionary revenues for FY 2016-17: property tax (\$14 million), general excise tax (\$18 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 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.

Enterprise revenues in the General Fund are generated by parks programs and MRC parking. 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 Intertwine. 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 Commission (MERC) Fund continues to be strong particularly at the Oregon Convention Center and Portland's Centers for the Arts. Transient lodging tax continues to show modest growth throughout the forecast.

Revenues throughout the forecast reflect only those bookings that are confirmed. 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 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. 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 2016-17 it is anticipated that reserves will be used to help subsidize commercial organics, and rates will increase 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. Many of the Road map projects will be coming to a conclusion over the next 18 months.

### **Oregon Zoo Operating Fund**

FY 2016-17 represents the second year of the Oregon Zoo being in its own enterprise fund. With the opening of Elephant Lands, attendance forecasts are for a record turnout in the next year and then stabilizing with moderate growth over future years. Per capita spending is also projected to increase moderately.



# Adopting Resolution

## BEFORE THE METRO COUNCIL

|  |  |
|--|--|
| FOR THE PURPOSE OF ADOPTING THE ANNUAL ) | RESOLUTION NO 16-4697                      |
| BUDGET FOR FISCAL YEAR 2016-17, MAKING ) |  |
| APPROPRIATIONS, LEVYING AD VALOREM )     | Introduced by Martha Bennett, Chief        |
| TAXES, AND AUTHORIZING AN INTERFUND )    | Operating Officer, with the concurrence of |
| LOAN )                                   | 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, 2016, and ending June 30, 2017; 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 2016-17 Metro Budget,” in the total amount of SIX HUNDRED THIRTY SIX MILLION ONE HUNDRED THREE THOUSAND NINE HUNDRED THIRTY FOUR (\$636,103,934), 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 TWO MILLION THREE HUNDRED TWELVE THOUSAND NINE HUNDRED FIFTY FOUR (\$32,312,954) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2016-17. 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<br>General Government<br><u>Limitation</u> | Excluded from<br><u>the Limitation</u> |
|------------------------------|---|--|
| Operating Tax Rate Levy      | \$0.0966/\$1,000  |  |
| Local Option Tax Rate Levy   | \$0.0960/\$1,000  |  |
| General Obligation Bond Levy |   | \$32,312,954                           |

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, 2016, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

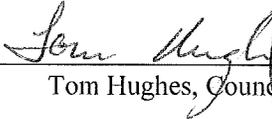
## Adopting Resolution

4. An interfund loan from the Solid Waste Revenue Fund to the General Asset Management Fund in an amount not to exceed \$2.0 million is hereby authorized. The loan will be made to fund several capital projects for Metro Regional Center. The loan, including interest at a rate equal to the average yield on Metro's pooled investments, will be repaid from allocations made to departments resident in Metro Regional Center. Repayment will be made over a period not to exceed ten years beginning FY 2016-17. Annual principal payments will be due no later than June 30<sup>th</sup> of each fiscal year.

5. The Oregon Zoo Capital Asset Management Fund is hereby renamed the Oregon Zoo Asset Management Fund.

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 23rd day of June 2016.

  
Tom Hughes, Council President



APPROVED AS TO FORM:

  
\_\_\_\_\_  
Alison Kean, Metro Attorney

# Schedule of Appropriations

|   | <b>Adopted<br/>Budget</b> |
|---|---------------------------|
| <b>GENERAL FUND</b>                         |                           |
| Council                                     | 4,792,334                 |
| Office of the Auditor                       | 701,182                   |
| Office of Metro Attorney                    | 2,458,903                 |
| Information Services                        | 4,968,788                 |
| Communications                              | 1,846,982                 |
| Finance and Regulatory Services             | 4,882,767                 |
| Human Resources                             | 2,944,021                 |
| Property and Environmental Services         | 2,624,973                 |
| Parks and Nature                            | 11,382,148                |
| Planning and Development Department         | 15,748,320                |
| Research Center                             | 4,556,613                 |
| Special Appropriations                      | 3,822,000                 |
| Non-Departmental                            |                           |
| Debt Service                                | 1,932,038                 |
| Interfund Transfers                         | 18,561,266                |
| Contingency                                 | 8,133,665                 |
| <i>Total Appropriations</i>                 | 89,356,000                |
| Unappropriated Balance                      | 20,607,474                |
| <b>Total Fund Requirements</b>              | <b>\$109,963,474</b>      |
| <b>CEMETERY PERPETUAL CARE FUND</b>         |                           |
| Unappropriated Balance                      | 622,926                   |
| <b>Total Fund Requirements</b>              | <b>\$622,926</b>          |
| <b>COMMUNITY ENHANCEMENT FUND</b>           |                           |
| Property and Environmental Services         | 1,417,608                 |
| Non-Departmental                            |                           |
| Interfund Transfers                         | 868,310                   |
| Contingency                                 | 151,061                   |
| <i>Total Appropriations</i>                 | 2,436,979                 |
| Unappropriated Balance                      | 85,261                    |
| <b>Total Fund Requirements</b>              | <b>\$2,522,240</b>        |
| <b>GENERAL ASSET MANAGEMENT FUND</b>        |                           |
| Asset Management Program                    | 7,962,820                 |
| Non-Departmental                            |                           |
| Interfund Transfers                         | 214,625                   |
| Contingency                                 | 9,713,663                 |
| <i>Total Appropriations</i>                 | 17,891,108                |
| <b>Total Fund Requirements</b>              | <b>\$17,891,108</b>       |
| <b>GENERAL OBLIGATION DEBT SERVICE FUND</b> |                           |
| Non-Departmental                            |                           |
| Debt Service                                | 31,310,742                |
| <i>Total Appropriations</i>                 | 31,310,742                |
| <b>Total Fund Requirements</b>              | <b>\$31,310,742</b>       |
| <b>GENERAL REVENUE BOND FUND</b>            |                           |
| Bond Accounts                               | 73,558,000                |
| Bond Account                                |                           |
| Debt Service                                | 5,231,797                 |
| <i>Total Appropriations</i>                 | 78,789,797                |
| Unappropriated Balance                      | 9,507,017                 |
| <b>Total Fund Requirements</b>              | <b>\$88,296,814</b>       |
| <b>MERC FUND</b>                            |                           |
| MERC  | 66,547,562                |
| Non-Departmental                            |                           |
| Interfund Transfers                         | 9,797,330                 |
| Contingency                                 | 34,481,014                |
| <i>Total Appropriations</i>                 | 110,825,906               |
| <b>Total Fund Requirements</b>              | <b>\$110,825,906</b>      |
| <b>NATURAL AREAS FUND</b>                   |                           |
| Parks and Nature                            | 16,913,806                |
| Non-Departmental                            |                           |
| Interfund Transfers                         | 3,120,936                 |
| Contingency                                 | 15,790,000                |
| <i>Total Appropriations</i>                 | 35,824,742                |
| Unappropriated Balance                      | 4,986,944                 |
| <b>Total Fund Requirements</b>              | <b>\$40,811,686</b>       |

|   | <b>Adopted<br/>Budget</b> |
|---|---------------------------|
| <b>OPEN SPACES FUND</b>                               |                           |
| Parks and Nature                                      | 759,486                   |
| <i>Total Appropriations</i>                           | 759,486                   |
| <b>Total Fund Requirements</b>                        | <b>\$759,486</b>          |
| <b>OREGON ZOO ASSET MANAGEMENT FUND</b>               |                           |
| Visitor Venues - Oregon Zoo                           | 3,319,840                 |
| Non-Departmental                                      |                           |
| Contingency   | 1,804,299                 |
| <i>Total Appropriations</i>                           | 5,124,139                 |
| Unappropriated Balance                                | 1,996,890                 |
| <b>Total Fund Requirements</b>                        | <b>\$7,121,029</b>        |
| <b>OREGON ZOO INFRASTRUCTURE/ANIMAL WELFARE FUND</b>  |                           |
| Visitor Venues - Oregon Zoo                           | 6,952,452                 |
| Non-Departmental                                      |                           |
| Interfund Transfers                                   | 675,868                   |
| Contingency   | 5,340,128                 |
| <i>Total Appropriations</i>                           | 12,968,448                |
| Unappropriated Balance                                | 27,737,690                |
| <b>Total Fund Requirements</b>                        | <b>\$40,706,138</b>       |
| <b>OREGON ZOO OPERATING FUND</b>                      |                           |
| Visitor Venues - Oregon Zoo                           | 35,866,125                |
| Non-Departmental                                      |                           |
| Interfund Transfers                                   | 4,719,845                 |
| Contingency   | 1,000,000                 |
| <i>Total Appropriations</i>                           | 41,585,970                |
| <b>Total Fund Requirements</b>                        | <b>\$41,585,970</b>       |
| <b>PARKS AND NATURAL AREAS LOCAL OPTION LEVY FUND</b> |                           |
| Parks and Nature                                      | 8,531,056                 |
| Special Appropriations                                | 1,500,000                 |
| Non-Departmental                                      |                           |
| Interfund Transfers                                   | 4,836,420                 |
| Contingency   | 3,253,687                 |
| <i>Total Appropriations</i>                           | 18,121,163                |
| <b>Total Fund Requirements</b>                        | <b>\$18,121,163</b>       |
| <b>RISK MANAGEMENT</b>                                |                           |
| Finance and Regulatory Services                       | 2,552,703                 |
| Non-Departmental                                      |                           |
| Interfund Transfers                                   | 25,000                    |
| Contingency   | 1,261,572                 |
| <i>Total Appropriations</i>                           | 3,839,275                 |
| Unappropriated Balance                                | 55,517                    |
| <b>Total Fund Requirements</b>                        | <b>\$3,894,792</b>        |
| <b>SMITH AND BYBEE WETLANDS FUND</b>                  |                           |
| Parks and Nature                                      | 490,000                   |
| Non-Departmental                                      |                           |
| Interfund Transfers                                   | 121,752                   |
| Contingency   | 1,040,000                 |
| <i>Total Appropriations</i>                           | 1,651,752                 |
| Unappropriated Balance                                | 1,371,374                 |
| <b>Total Fund Requirements</b>                        | <b>\$3,023,126</b>        |
| <b>SOLID WASTE FUND</b>                               |                           |
| Property and Environmental Services                   | 66,544,096                |
| Finance and Regulatory Services                       | 98,178                    |
| Non-Departmental                                      |                           |
| Interfund Transfers                                   | 8,239,206                 |
| Contingency   | 14,993,016                |
| <i>Total Appropriations</i>                           | 89,874,496                |
| Unappropriated Balance                                | 28,772,838                |
| <b>Total Fund Requirements</b>                        | <b>\$118,647,334</b>      |
| <b>Total Appropriations</b>                           | <b>540,360,003</b>        |
| <b>Total Unappropriated Balance</b>                   | <b>95,743,931</b>         |
| <b>TOTAL BUDGET</b>                                   | <b>\$636,103,934</b>      |

# Property Tax Levy

## Permanent Tax Rate Levy Calculation

|  |                          |
|--|--------------------------|
| FY 2015-16 Assessed Value                  | \$149,640,510,698        |
| Assessed Value Increase:                   |                          |
| Within 3% Statutory allowable              | 4,489,215,321            |
| Estimate for new construction @ 2.0%       | 2,992,810,214            |
| <b>ESTIMATED FY 2016-17 ASSESSED VALUE</b> | <b>\$157,122,536,233</b> |
| Tax Rate=                                  | \$0.0966 /\$1000         |
| <b>FY 2016-17 TAX RATE LEVY</b>            | <b>\$15,178,037</b>      |
| (estimated assessed value x tax rate)      |                          |
| Less: Loss due to Measure 5 compression    | (\$233,000)              |
| Estimated uncollectable @ 5.5%             | (\$821,977)              |
| <b>ESTIMATED TAXES TO BE RECEIVED</b>      | <b>\$14,123,060</b>      |
| (based on 94.5% collectable rate)          |                          |

## Local Option Rate Levy Calculation

|  |                          |
|--|--------------------------|
| FY 2015-16 Assessed Value                  | \$157,332,846,813        |
| Assessed Value Increase:                   |                          |
| Within 3% Statutory allowable              | 4,719,985,404            |
| Estimate for new construction @ 2.0%       | 3,146,656,936            |
| <b>ESTIMATED FY 2016-17 ASSESSED VALUE</b> | <b>\$165,199,489,154</b> |
| Tax Rate=                                  | \$0.0960 /\$1000         |
| <b>FY 2016-17 TAX RATE LEVY</b>            | <b>\$15,859,150</b>      |
| (estimated assessed value x tax rate)      |                          |
| Less: Loss due to Measure 5 compression    | (\$1,677,000)            |
| Estimated uncollectable @ 5.5%             | (\$780,018)              |
| <b>ESTIMATED TAXES TO BE RECEIVED</b>      | <b>\$13,402,132</b>      |
| (based on 94.5% collectable rate)          |                          |

## General Obligation Bond Debt Service Calculation

|  |                     |
|--|---------------------|
| <b>FY 2016-17 REQUIREMENTS</b>                   |                     |
| 07/15/16 Oregon Zoo-Oregon Project (2005 Series) | \$44,200            |
| 12/01/16 Natural Areas (2007 Series)             | \$127,375           |
| 12/01/16 Natural Areas (2012A Series)            | \$1,420,475         |
| 12/01/16 Zoo Infrastructure (2012A Series)       | \$1,084,163         |
| 12/01/16 Natural Areas (2014 Series)             | \$1,019,575         |
| 12/01/16 Zoo Infrastructure (2016 Series)        | \$1,029,167         |
| 01/15/17 Oregon Zoo-Oregon Project (2005 Series) | \$2,254,200         |
| 06/01/17 Natural Areas (2007 Series)             | \$5,222,375         |
| 06/01/17 Natural Areas (2012A Series)            | \$4,210,475         |
| 06/01/17 Zoo Infrastructure (2012A Series)       | \$3,344,162         |
| 06/01/17 Natural Areas (2014 Series)             | \$5,829,575         |
| 06/01/17 Zoo Infrastructure (2016 Series)        | \$5,725,000         |
| <b>TOTAL REQUIREMENTS</b>                        | <b>\$31,310,742</b> |
| Sources available for cash flow:                 |                     |
| Fund balance                                     | \$270,000           |
| Prior years taxes to be rec'd in FY 2016-17      | 500,000             |
| Interest earned, FY 2016-17                      | 5,000               |
| Total non-tax sources available in FY 2016-17    | \$775,000           |
| Tax resources required to balance                | \$30,535,742        |
| Levy (assume 94.5% collectable rate)             | \$32,312,954        |
| Estimated FY 2016-17 Assessed Value              | \$157,122,536,233   |
| Levy rate per \$1,000 of assessed value          | \$0.2057            |
| On \$100,000 of assessed property value          | \$20.57             |
| <b>FY 2016-17 GO DEBT TAX LEVY AMOUNT</b>        | <b>\$32,312,954</b> |

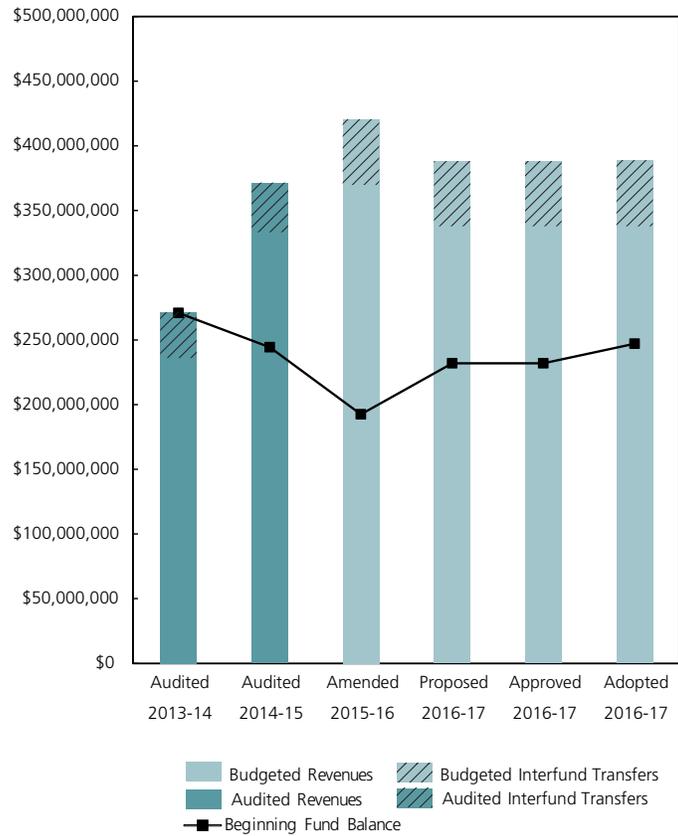
## Property Tax Rate History

| <b>Fiscal Year</b> | <b>Permanent Rate</b> | <b>Local Option Levy Rate</b> | <b>General Obligation Bond Levy Rate</b> | <b>Total Rate</b> |
|--------------------|-----------------------|-------------------------------|--|-------------------|
| FY 2007-08         | \$0.0966              | -                             | \$0.3337                                 | \$0.4303          |
| FY 2008-09         | \$0.0966              | -                             | \$0.3044                                 | \$0.4010          |
| FY 2009-10         | \$0.0966              | -                             | \$0.3437                                 | \$0.4403          |
| FY 2010-11         | \$0.0966              | -                             | \$0.3146                                 | \$0.4112          |
| FY 2011-12         | \$0.0966              | -                             | \$0.2202                                 | \$0.3168          |
| FY 2012-13         | \$0.0966              | -                             | \$0.4140                                 | \$0.5106          |
| FY 2013-14         | \$0.0966              | \$0.0960                      | \$0.2768                                 | \$0.4694          |
| FY 2014-15         | \$0.0966              | \$0.0960                      | \$0.2683                                 | \$0.4609          |
| FY 2015-16         | \$0.0966              | \$0.0960                      | \$0.1982                                 | \$0.3908          |
| FY 2016-17         | \$0.0966              | \$0.0960                      | \$0.2057                                 | \$0.3983          |

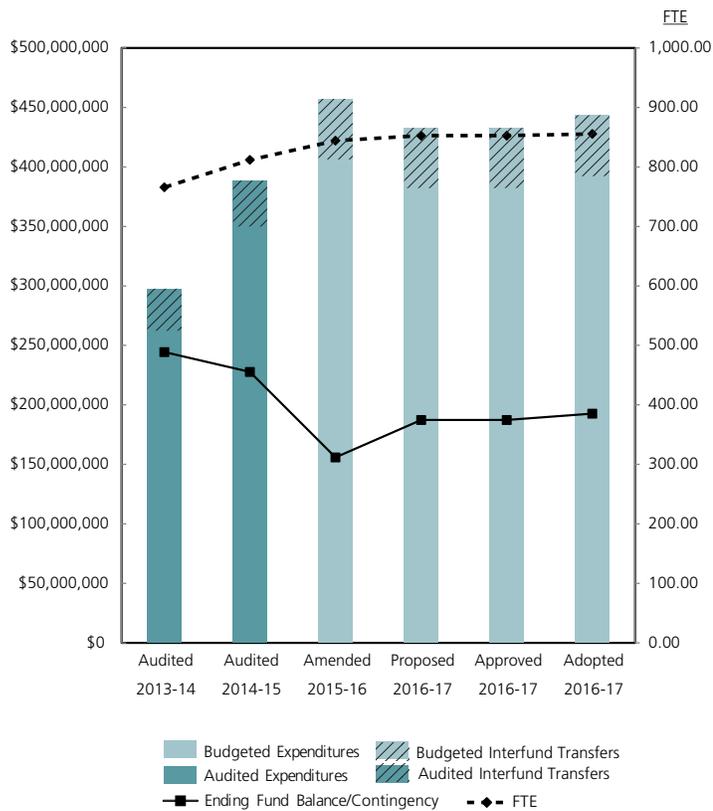
## Budget summary by year

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | Change<br>From<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|---------------------------|
| <b>RESOURCES</b>                                 |                       |                       |                       |                        |                        |                       |                           |
| Beginning Fund Balance                           | 270,798,054           | 244,425,650           | 192,552,003           | 231,912,078            | 231,912,078            | 247,081,394           | 28.32%                    |
| <b>Current Revenues</b>                          |                       |                       |                       |                        |                        |                       |                           |
| Excise Tax                                       | 16,002,790            | 16,587,938            | 17,367,350            | 18,275,740             | 18,275,740             | 18,275,740            | 5.23%                     |
| Construction Excise Tax                          | 2,537,894             | 2,669,188             | 2,475,000             | 2,549,000              | 2,549,000              | 2,549,000             | 2.99%                     |
| Real Property Taxes                              | 59,245,166            | 61,790,542            | 54,407,424            | 59,060,934             | 59,060,934             | 59,060,934            | 8.55%                     |
| Other Tax Revenues                               | 49,581                | 48,335                | 50,000                | 50,000                 | 50,000                 | 50,000                | 0.00%                     |
| Interest Earnings                                | 1,619,111             | 1,330,127             | 1,545,039             | 1,609,235              | 1,609,235              | 1,609,234             | 4.15%                     |
| Grants   | 9,527,318             | 18,127,885            | 21,900,982            | 9,522,547              | 9,522,547              | 9,602,547             | (56.15%)                  |
| Local Government Shared Revenues                 | 16,370,050            | 19,654,340            | 14,937,140            | 19,532,729             | 19,532,729             | 19,532,729            | 30.77%                    |
| Contributions from Governments                   | 3,789,794             | 4,208,511             | 3,875,098             | 8,410,017              | 8,410,017              | 8,410,017             | 117.03%                   |
| Licenses and Permits                             | 369,855               | 393,796               | 380,000               | 475,000                | 475,000                | 475,000               | 25.00%                    |
| Charges for Services                             | 120,619,348           | 133,951,752           | 136,055,198           | 146,571,924            | 146,571,924            | 146,571,924           | 7.73%                     |
| Contributions from Private Sources               | 2,989,785             | 7,832,885             | 1,357,773             | 1,858,863              | 1,858,863              | 1,858,863             | 36.91%                    |
| Internal Charges for Services                    | 419,536               | 324,899               | 272,284               | 203,088                | 203,088                | 203,088               | (25.41%)                  |
| Miscellaneous Revenue                            | 639,915               | 1,543,551             | 3,091,868             | 1,642,906              | 1,642,906              | 1,642,906             | (46.86%)                  |
| Other Financing Sources                          | 1,800,316             | 43,819                | -                     | -                      | -                      | -                     | 0.00%                     |
| Bond Proceeds                                    | -                     | 64,735,891            | 112,000,000           | 68,000,000             | 68,000,000             | 68,000,000            | (39.29%)                  |
| <b>Subtotal Current Revenues</b>                 | <b>235,980,459</b>    | <b>333,243,460</b>    | <b>369,715,156</b>    | <b>337,761,983</b>     | <b>337,761,983</b>     | <b>337,841,982</b>    | <b>(8.62%)</b>            |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | 3,507,438             | 2,059,900             | 6,162,419             | 7,274,733              | 7,274,733              | 7,134,046             | 15.77%                    |
| Interfund Reimbursements                         | 12,398,211            | 14,113,695            | 15,935,080            | 16,556,552             | 16,556,552             | 16,556,552            | 3.90%                     |
| Interfund Loans                                  | 2,361,980             | 1,731,150             | 1,933,577             | 2,666,067              | 2,666,067              | 2,666,067             | 37.88%                    |
| Fund Equity Transfers                            | 17,125,884            | 20,545,926            | 26,838,473            | 24,022,943             | 24,022,943             | 24,823,893            | (7.51%)                   |
| <b>Subtotal Interfund Transfers</b>              | <b>35,393,513</b>     | <b>38,450,671</b>     | <b>50,869,549</b>     | <b>50,520,295</b>      | <b>50,520,295</b>      | <b>51,180,558</b>     | <b>0.61%</b>              |
| <b>TOTAL RESOURCES</b>                           | <b>\$542,172,026</b>  | <b>\$616,119,781</b>  | <b>\$613,136,708</b>  | <b>\$620,194,356</b>   | <b>\$620,194,356</b>   | <b>\$636,103,934</b>  | <b>3.75%</b>              |
| <b>REQUIREMENTS</b>                              |                       |                       |                       |                        |                        |                       |                           |
| <b>Current Expenditures</b>                      |                       |                       |                       |                        |                        |                       |                           |
| Personnel Services                               | 77,453,540            | 83,944,515            | 95,853,702            | 99,260,637             | 99,260,637             | 98,263,030            | 2.51%                     |
| Materials and Services                           | 103,802,766           | 113,004,845           | 209,355,266           | 204,720,197            | 204,720,197            | 206,337,585           | (1.44%)                   |
| Capital Outlay                                   | 40,159,489            | 46,502,991            | 63,840,223            | 39,781,631             | 39,781,631             | 49,142,148            | (23.02%)                  |
| Debt Service                                     | 40,937,067            | 106,539,386           | 37,214,051            | 38,474,577             | 38,474,577             | 38,474,577            | 3.39%                     |
| <b>Subtotal Current Expenditures</b>             | <b>262,352,862</b>    | <b>349,991,737</b>    | <b>406,263,242</b>    | <b>382,237,042</b>     | <b>382,237,042</b>     | <b>392,217,340</b>    | <b>(3.46%)</b>            |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | 3,507,438             | 2,059,900             | 6,162,419             | 7,274,733              | 7,274,733              | 7,134,046             | 15.77%                    |
| Interfund Reimbursements                         | 12,398,211            | 14,113,695            | 15,935,080            | 16,556,552             | 16,556,552             | 16,556,552            | 3.90%                     |
| Fund Equity Transfers                            | 17,125,884            | 20,545,926            | 26,838,473            | 24,022,943             | 24,022,943             | 24,823,893            | (7.51%)                   |
| Interfund Loans                                  | 2,361,980             | 1,731,150             | 1,933,577             | 2,666,067              | 2,666,067              | 2,666,067             | 37.88%                    |
| <b>Subtotal Interfund Transfers</b>              | <b>35,393,513</b>     | <b>38,450,671</b>     | <b>50,869,549</b>     | <b>50,520,295</b>      | <b>50,520,295</b>      | <b>51,180,558</b>     | <b>0.61%</b>              |
| Contingency                                      | -                     | -                     | 62,887,023            | 92,880,888             | 92,880,888             | 96,962,105            | 54.18%                    |
| Unappropriated Fund Balance                      | 244,425,650           | 227,677,373           | 93,116,894            | 94,556,131             | 94,556,131             | 95,743,931            | 2.82%                     |
| <b>Subtotal Contingency/Ending Balance</b>       | <b>244,425,650</b>    | <b>227,677,373</b>    | <b>156,003,917</b>    | <b>187,437,019</b>     | <b>187,437,019</b>     | <b>192,706,036</b>    | <b>23.53%</b>             |
| <b>TOTAL REQUIREMENTS</b>                        | <b>\$542,172,026</b>  | <b>\$616,119,781</b>  | <b>\$613,136,708</b>  | <b>\$620,194,356</b>   | <b>\$620,194,356</b>   | <b>\$636,103,934</b>  | <b>3.75%</b>              |
| <b>FULL-TIME EQUIVALENTS</b>                     | <b>765.79</b>         | <b>811.80</b>         | <b>844.05</b>         | <b>852.51</b>          | <b>852.51</b>          | <b>855.51</b>         | <b>1.36%</b>              |
| <b>FTE CHANGE FROM FY 2015-16 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>11.46</b>              |

## Current revenues and fund balance



## Current expenditures and full-time equivalents



# Where the money comes from

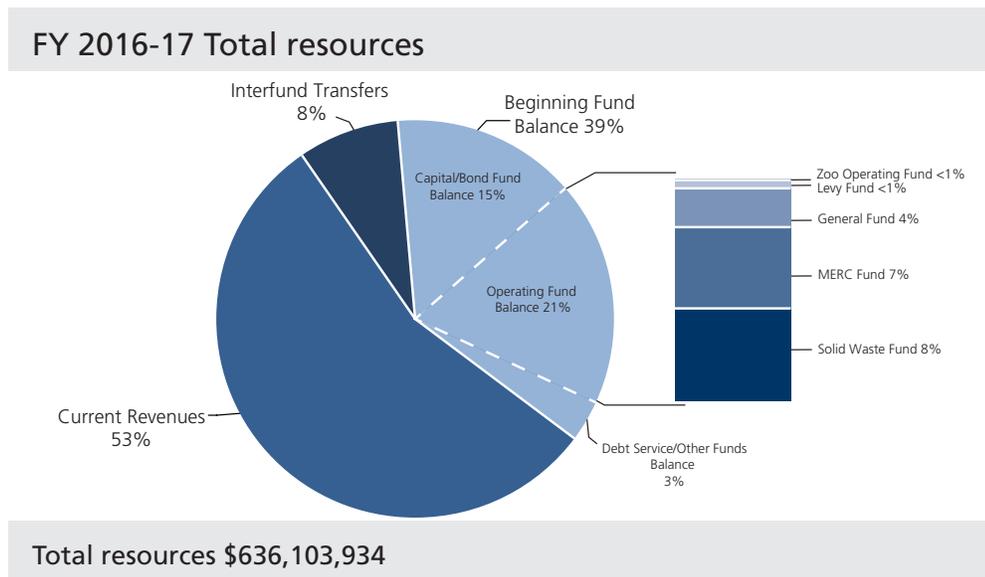
Resources to meet Metro’s obligations and needs are derived from three primary sources: beginning fund balance, current revenues and interfund transfers. Beginning fund balance consists of resources carried forward from previous fiscal years, including proceeds from voter-approved bonds (e.g., Natural 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 39 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 and MERC 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 \$27.1 million beginning fund balance accounts for 11 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. 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 2016-17 about \$3.3 million of the General Fund’s beginning fund balance is funding these financial reserves.



## CURRENT REVENUES

Current revenues account for 53 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– 44 percent

Enterprise activities generate the largest piece of current revenues at \$146.5 million. Metro's largest enterprise activity is solid waste disposal, generating \$69.4 million, which comes from fees charged on solid waste deposited at Metro's transfer stations or several other designated solid waste facilities. This is about an 8.0 percent increase from the FY 2015-16 budget. The per ton solid waste fee is expected to increase slightly in FY 2016-17 from \$94.98 per ton to \$96.25 per ton, an increase of about 1.3 percent. As the economy improves solid waste tonnage subject Metro's fees is on the rise. Tonnage increased in FY 2014-15 by 5.1 percent and the outlook calls for even higher growth in FY 2015-16 of 9.2 percent to 1.2 million tons, and 6.0 percent growth in FY 2016-17 to 1.3 million tons.

The Visitor Venues (Oregon Zoo, Oregon Convention Center, Portland's Centers for the Arts and Portland Expo Center) produce \$69.2 million, about 7.5 percent above the current year. The Oregon Zoo is showing revenue growth of about 14 percent. The opening of Elephant Lands, the largest of the new bond funded project, is expected to bolster attendance. The budget assumes attendance of 1.7 million in FY 2016-17. The implementation of seasonal pricing in April 2016 will have a significant increase on per-capita admission fee revenue. The budget estimates a \$1.00 increase in paid guest per capita. The Oregon Convention Center (OCC) relies on convention bookings made years in advance. Budgeted revenue is about 3.5 percent greater than last year. The budget assumes 47 bookings for FY 2016-17, three fewer than the current year. The Portland Expo Center (Expo) is reflecting a 2 percent reduction from FY 2015-16. The adopted budget, while less than the current year, still represents a 4 percent compound annual growth rate over the last two years in the core revenue streams. The FY 2016-17 budget corrects a historically overstated budget number compared to actual performance for parking revenues resulting in this one time reduction. Revenues generated at the Portland's Centers for the Arts (Portland's) are up about 6.5 percent. This includes 9.5 weeks of Broadway and the expansion of Portland's Presents, self produced shows including four educational programs targeting Title I and other schools serving disadvantaged communities.

## FY 2016-17 Current revenues

### RESOURCES

Beginning Fund Balance \$247,081,394

### Current Revenues

|                                 |             |
|---------------------------------|-------------|
| Real Property Taxes             | 59,060,934  |
| Excise Tax                      | 18,275,740  |
| Construction Excise Tax         | 2,549,000   |
| Other Derived Tax Revenue       | 50,000      |
| Grants                          | 9,602,547   |
| Local Gov't Shared Revenues     | 19,532,729  |
| Contributions from other Gov'ts | 8,410,017   |
| Enterprise Revenue              | 147,046,924 |
| Bond Proceeds                   | 68,000,000  |
| Interest Earnings               | 1,609,234   |
| Donations                       | 1,858,863   |
| Other Misc. Revenue             | 1,845,994   |

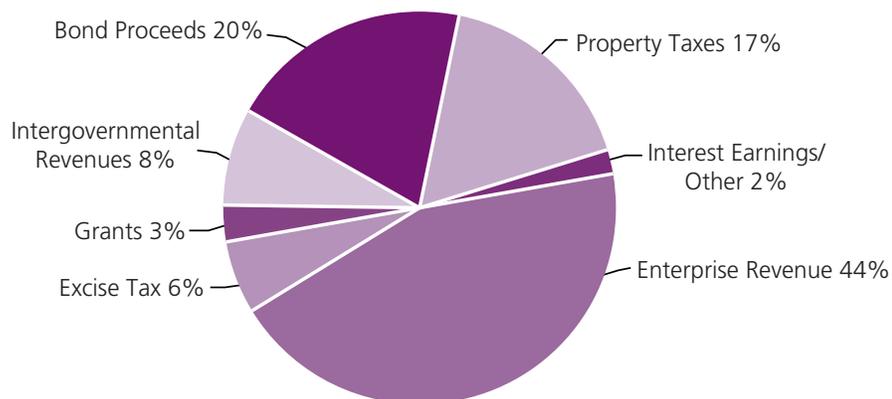
**Subtotal Current Revenues** 337,841,982

### Interfund Transfers:

|                            |            |
|----------------------------|------------|
| Interfund Reimbursements   | 16,556,552 |
| Internal Service Transfers | 7,134,046  |
| Interfund Loan             | 2,666,067  |
| Fund Equity Transfers      | 24,823,893 |

**Subtotal Interfund Transfers** 51,180,558

**TOTAL RESOURCES** \$636,103,934



Total current revenues \$337,841,982

Regional parks facilities generate another \$5.7 million in fees and services, an increase of about 4.8 percent. The increase is due solely to the exemption of regional park fees from the Metro Excise Tax. Parking fees, business license fees and Data Resource Center revenues account for the remainder of enterprise revenues.

### **Property taxes– 17 percent**

Metro expects to receive \$59.1 million in property tax revenues in FY 2016-17. This includes current year tax receipts to the General Fund directed toward operations (\$14.1 million), debt service levies for outstanding general obligation bond issues for the the zoo's Great Northwest project, the Natural Areas program and the Oregon Zoo Infrastructure and Animal Welfare bond projects (\$30.5 million), and the fourth year of a five-year local option levy for natural areas operations (\$13.4 million). The remainder, approximately \$1.0 million, will be received in the form of delinquent property taxes, levied in prior years but received in the current year, and interest and penalties on those late payments.

### **Excise taxes– 6 percent**

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 \$18.3 million in FY 2016-17. 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 2016-17 will be \$11.76 per ton, an increase of 28 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's Centers for the Arts from the tax. Effective July 1, 2016, the remaining revenue generating functions resident in the General Fund – Parks and Nature, Metro Regional Center, and the Research Center – will also be exempt from the excise tax.

In 2006 Metro also enacted a construction excise tax to fund land use planning projects 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 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 Council reauthorized the excise tax in June 2014 extending the tax through December 2020. The tax is expected to generate \$2.5 million in FY 2016-17.

### **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's 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 5 percent in FY 2016-17. The request to the Visitor Development Fund includes a one-time \$4.0 million request to support the OCC Hotel project.

### **Grants– 3 percent**

Grants are anticipated to provide \$9.6 million to the revenue mix. The primary planning functions of the agency—Planning and Development and the Research Center—receive approximately \$9.0 million in grant funds. These functions rely on federal, state and local grants to fund most of the transportation planning and modeling programs. Planning grants are anticipated to decrease about 15 percent due mostly to a shift in classification from grants to government contributions. Metro also receives grants for projects planned at regional parks and natural areas, Oregon Zoo, and MERC venues. Non-planning grant funds are project specific and will vary from year to year.

### **Bond Proceeds– 20 percent**

During 2016, Metro plans to issue revenue bonds for the OCC Hotel Project in an amount sufficient to net \$60 million after financing costs and capitalized interest. The amount of the revenue bond issue is estimated to be \$68 million.

### **Other miscellaneous revenues/Interest Earnings– 2 percent**

In FY 2016-17 other revenues include \$1.9 million in donations; \$1.6 million in projected interest earnings and about \$1.9 million in a variety of other miscellaneous revenue categories.

### **INTERFUND TRANSFERS**

The final 8 percent of total resources comes from 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 \$23.7 million in FY 2016-17. The transfer classification also includes \$24.8 million in Fund Equity Transfers (revenue sharing between funds) such as the transfer of discretionary revenues from the General Fund to provide for Oregon Zoo operations and to assist in capital development and renewal and replacement of General Fund assets. Also included in FY 2016-17 is a one-time interfund loan from the Solid Waste Revenue Fund to the General Asset Management Fund authorized to provide for several large capital maintenance projects for Metro Regional Center such as roof, building security system, building envelope and HVAC.

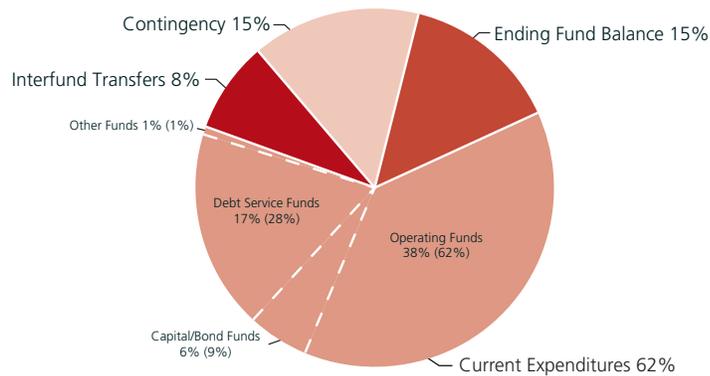
## Where the money goes

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. 62 percent of current expenditures support the operations of Metro facilities such as the Oregon Zoo, OCC, Expo, Portland's 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 28 percent is dedicated to debt service on outstanding general obligation and full faith and credit bonds, and 9 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 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 2016-17 Total requirements



NOTE: the percentages in parentheses are the percent of total current expenditures.

Total requirements \$636,103,934

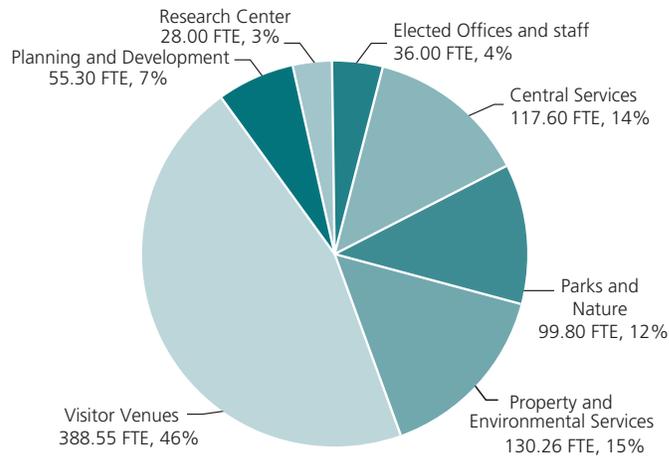
### CURRENT EXPENDITURES

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– 25 percent

Metro plans to spend about \$98.3 million for salaries and wages and related expenditures for its employees in FY 2016-17. 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 2016-17 FTE positions by function



**Total FTE 855.51**

The FY 2016-17 budget includes 855.51 full-time equivalent positions, an increase of 11.46 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– 53 percent

Metro plans to spend about \$206.3 million on materials and services in FY 2016-17. Large expenditures in this area include a \$72.9 million transfer to escrow for the Oregon Convention Center Hotel Project and about \$28.5 million for solid waste transfer station operations and the transport of solid waste to the Columbia Ridge Landfill in Gilliam County. Materials and services at the visitor venues (OCC, Oregon Zoo, Expo and Portland’s) also include \$45.9 million for operations.

### Capital outlay–12 percent

Approximately \$49.1 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 \$11.9 million for land acquisition and capital expenditures related to the Natural Areas program, \$6.2 million for capital improvements at the Oregon Zoo under the Oregon Zoo Infrastructure and Animal Welfare bond measure, \$14.4 million for capital improvements at MERC facilities and \$4.9 million for solid waste facility capital projects. Another \$5.3 million is provided for various capital or renewal and replacement projects at the regional parks or Metro Regional Center, including information technology infrastructure, and \$3.2 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– 10 percent

Debt service provides for payments on general obligation and full faith and credit bonds sold for OCC, Metro Regional Center, the Natural Areas program, Expo and the Oregon Zoo. FY 2016-17 also includes the first year of debt service for the Oregon Convention Center Hotel Project revenue bonds. A more detailed discussion of outstanding debt is provided later in this section.

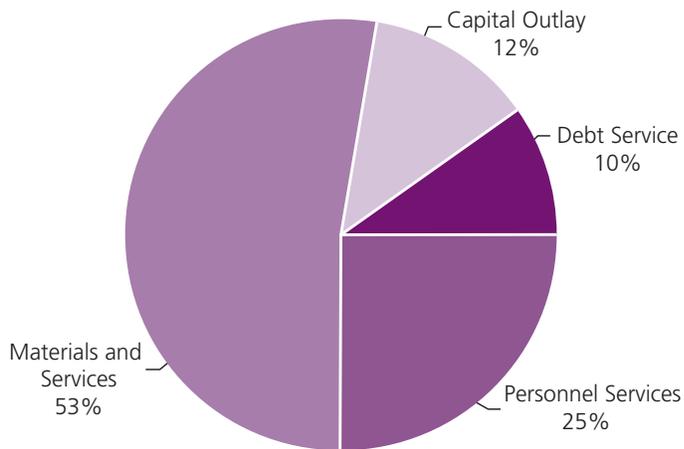
## INTERFUND TRANSFERS

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 2016-17 total about \$51.2 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 2016-17 Current expenditures by budget category



#### REQUIREMENTS

##### Current Expenditures

|                        |             |
|------------------------|-------------|
| Personnel Services     | 98,263,030  |
| Materials and Services | 206,337,585 |
| Capital Outlay         | 49,142,148  |
| Debt Service           | 38,474,577  |

**Subtotal Current Expenditures** \$392,217,340

##### Interfund Transfers:

|                            |            |
|----------------------------|------------|
| Internal Service Transfers | 7,134,046  |
| Interfund Reimbursements   | 16,556,552 |
| Fund Equity Transfers      | 24,823,893 |
| Interfund Loans            | 2,666,067  |

**Subtotal Interfund Transfers** \$51,180,558

Contingency 96,962,105

Ending Fund Balance 95,743,931

**TOTAL REQUIREMENTS** **\$636,103,934**

Total current expenditures \$392,217,340



**Fund  
Summary  
Highlights**



## FY 2016-17 Fund Summary by Category

|  | Operating<br>Funds   | Capital / Bond<br>Funds | Debt Service<br>Funds | Other Funds         | Total                |
|--|----------------------|-------------------------|-----------------------|---------------------|----------------------|
| <b>RESOURCES</b>                           |                      |                         |                       |                     |                      |
| Beginning Fund Balance                     | \$128,279,614        | \$98,180,334            | \$13,734,947          | \$6,886,499         | \$247,081,394        |
| <b>Current Revenues</b>                    |                      |                         |                       |                     |                      |
| Excise Tax                                 | 18,275,740           | 0                       | 0                     | 0                   | 18,275,740           |
| Construction Excise Tax                    | 2,549,000            | 0                       | 0                     | 0                   | 2,549,000            |
| Real Property Taxes                        | 28,025,192           | 0                       | 31,035,742            | 0                   | 59,060,934           |
| Other Tax Revenues                         | 0                    | 0                       | 0                     | 50,000              | 50,000               |
| Interest Earnings                          | 839,722              | 605,857                 | 105,071               | 58,585              | 1,609,235            |
| Grants                                     | 9,419,297            | 133,250                 | 0                     | 50,000              | 9,602,547            |
| Local Government Shared Revenues           | 19,532,729           | 0                       | 0                     | 0                   | 19,532,729           |
| Contributions from Governments             | 8,410,017            | 0                       | 0                     | 0                   | 8,410,017            |
| Licenses and Permits                       | 475,000              | 0                       | 0                     | 0                   | 475,000              |
| Charges for Services                       | 145,440,716          | 0                       | 0                     | 1,131,208           | 146,571,924          |
| Contributions from Private Sources         | 1,270,863            | 588,000                 | 0                     | 0                   | 1,858,863            |
| Internal Charges for Services              | 0                    | 0                       | 0                     | 203,088             | 203,088              |
| Miscellaneous Revenue                      | 1,604,404            | 28,501                  | 0                     | 10,000              | 1,642,906            |
| Bond Proceeds                              | 0                    | 0                       | 68,000,000            | 0                   | 68,000,000           |
| <b>Subtotal Current Revenues</b>           | <b>235,842,680</b>   | <b>1,355,608</b>        | <b>99,140,813</b>     | <b>1,502,881</b>    | <b>337,841,983</b>   |
| <b>Interfund Transfers:</b>                |                      |                         |                       |                     |                      |
| Internal Service Transfers                 | 5,320,046            | 1,814,000               | 0                     | 0                   | 7,134,046            |
| Interfund Reimbursements                   | 14,882,848           | 0                       | 0                     | 1,673,704           | 16,556,552           |
| Interfund Loans                            | 666,067              | 2,000,000               | 0                     | 0                   | 2,666,067            |
| Fund Equity Transfers                      | 14,152,592           | 3,939,505               | 6,731,796             | 0                   | 24,823,893           |
| <b>Subtotal Interfund Transfers</b>        | <b>35,021,553</b>    | <b>7,753,505</b>        | <b>6,731,796</b>      | <b>1,673,704</b>    | <b>51,180,558</b>    |
| <b>TOTAL RESOURCES</b>                     | <b>\$399,143,847</b> | <b>\$107,289,447</b>    | <b>\$119,607,556</b>  | <b>\$10,063,084</b> | <b>\$636,103,935</b> |
| <b>REQUIREMENTS</b>                        |                      |                         |                       |                     |                      |
| <b>Current Expenditures:</b>               |                      |                         |                       |                     |                      |
| Personnel Services                         | 94,679,646           | 3,583,384               | 0                     | 0                   | 98,263,030           |
| Materials and Services                     | 123,481,871          | 4,977,403               | 73,558,000            | 4,320,311           | 206,337,585          |
| Capital Outlay                             | 21,654,531           | 27,347,617              | 0                     | 140,000             | 49,142,148           |
| Debt Service                               | 1,932,038            | 0                       | 36,542,539            | 0                   | 38,474,577           |
| <b>Subtotal Current Expenditures</b>       | <b>241,748,086</b>   | <b>35,908,404</b>       | <b>110,100,539</b>    | <b>4,460,311</b>    | <b>392,217,340</b>   |
| <b>Interfund Transfers:</b>                |                      |                         |                       |                     |                      |
| Internal Service Transfers                 | 5,285,990            | 1,683,994               | 0                     | 164,062             | 7,134,046            |
| Interfund Reimbursements                   | 14,481,017           | 2,075,535               | 0                     | 0                   | 16,556,552           |
| Fund Equity Transfers                      | 23,930,993           | 41,900                  | 0                     | 851,000             | 24,823,893           |
| Interfund Loans                            | 2,456,067            | 210,000                 | 0                     | 0                   | 2,666,067            |
| <b>Subtotal Interfund Transfers</b>        | <b>46,154,067</b>    | <b>4,011,429</b>        | <b>0</b>              | <b>1,015,062</b>    | <b>51,180,558</b>    |
| Contingency                                | 61,861,382           | 32,648,090              | 0                     | 2,452,633           | 96,962,105           |
| Unappropriated Fund Balance                | 49,380,312           | 34,721,524              | 9,507,017             | 2,135,078           | 95,743,931           |
| <b>Subtotal Contingency/Ending Balance</b> | <b>111,241,694</b>   | <b>67,369,614</b>       | <b>9,507,017</b>      | <b>4,587,711</b>    | <b>192,706,036</b>   |
| <b>TOTAL REQUIREMENTS</b>                  | <b>\$399,143,847</b> | <b>\$107,289,447</b>    | <b>\$119,607,556</b>  | <b>\$10,063,084</b> | <b>\$636,103,934</b> |
| <b>Full-Time Equivalents (FTE)</b>         | <b>825.72</b>        | <b>29.79</b>            | <b>0.00</b>           | <b>0.00</b>         | <b>855.51</b>        |

## Operating Funds

The operating funds include the General Fund, MERC Fund, Oregon Zoo Operating 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.

- The Oregon Zoo is now budgeted as an enterprise fund separate from the General Fund. For purposes of the budget document historical data is presented with the Oregon Zoo Operating Fund. All internal non-budgetary transfers between the Oregon Zoo and the General Fund are now reflected historically as budgetary interfund transfers. Refer to the table in the appendices for a summary of these transaction changes.
- Property taxes reflect Metro's permanent operating rate of \$0.0966/\$1,000 of assessed value and year four of the five-year local option levy rate of \$0.0960/\$1,000 of assessed value. Both levies assume a 5.0 percent increase in assessed value and a 94.5 percent collectible rate.
- Local Government Shared Revenues include a 5 percent increase in transient lodging tax and 192 percent increase in the Visitor Development Fund allocation. The 192 percent increase is due to \$4.0 million support for the Oregon Convention Center Hotel project. Both sources provide funding for MERC facilities and operations.
- Enterprise revenues include an 8 percent increase in solid waste revenues; 14 percent increase in revenues generated at the Oregon Zoo; and a 4 percent increase at MERC, primarily at Oregon Convention Center and Portland's Centers for the Arts revenues.
- Personnel services reflect a net increase of 8.42 FTE. The Visitor Venues (Oregon Zoo, Oregon Convention Center, Expo Center and Portland's Centers for the Arts) added a net 3.55 FTE to address service level concerns. The remaining new FTE are added to meet other high priority staffing needs in Communications, Finance and Regulatory Services, Human Resources, Information Services, Planning and Development and Property and Environmental Services. 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, Oregon Zoo Asset Management Fund and Oregon Zoo Infrastructure and Animal Welfare Fund.

- A separate Willamette Falls Project Account was created under the General Asset Management Fund to provide full transparency and accounting for the project. An additional 2.80 FTE was added to the project in FY 2016-17.
- The Oregon Zoo Capital Account, formerly budgeted in the General Asset Management Fund, is now budgeted as a separate Oregon Zoo Asset Management Fund and includes the Oregon Zoo's renewal and replacement account.
- 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 2016-17 represents an 11 percent increase in beginning fund balance as additional bonds are issued.

- The Oregon Zoo intends to issue the remaining \$10 million Oregon Zoo Infrastructure authorization sometime between spring 2018 and 2019.
- Significant project expenditures in FY 2016-17 include:
  - \$12.4 million for land acquisition and development under the Natural Areas program.
  - \$8.5 million for equipment, building and infrastructure improvements at the MERC facilities including plaza construction at the Oregon Convention Center and building renovations at the Keller Auditorium.
  - \$6.8 million in bond funded projects including the Conservation Education Facility and Polar Bear habitat at the Oregon Zoo.
  - \$3.3 million in new non-bond related projects including remediation of the railroad track at the Oregon Zoo.

#### **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.

In FY 2016-17 the General Revenue Bond Fund includes the Oregon Convention Center Hotel Project. The project includes one-time expenditures for financing costs and payment to escrow of approximately \$73.6 million. The fund will return to a debt service only fund in FY 2017-18.

#### **Other Funds**

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

## FY 2016-17 General Fund Summary

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | Change<br>From<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|---------------------------|
| <b>RESOURCES</b>                                 |                       |                       |                       |                        |                        |                       |                           |
| Beginning Fund Balance                           | 33,583,482            | 32,583,026            | 28,403,273            | 27,119,307             | 27,119,307             | 27,926,217            | (1.68%)                   |
| <b>Current Revenues</b>                          |                       |                       |                       |                        |                        |                       |                           |
| Excise Tax                                       | 16,002,790            | 16,587,938            | 17,367,350            | 18,275,740             | 18,275,740             | 18,275,740            | 5.23%                     |
| Construction Excise Tax                          | 2,537,894             | 2,669,188             | 2,475,000             | 2,549,000              | 2,549,000              | 2,549,000             | 2.99%                     |
| Real Property Taxes                              | 12,390,523            | 13,071,534            | 13,512,117            | 14,423,060             | 14,423,060             | 14,423,060            | 6.74%                     |
| Interest Earnings                                | 219,944               | 151,288               | 225,000               | 200,000                | 200,000                | 200,000               | (11.11%)                  |
| Grants   | 7,355,576             | 6,838,507             | 11,295,042            | 9,065,107              | 9,065,107              | 9,085,107             | (19.57%)                  |
| Local Government Shared Revenues                 | 621,111               | 773,657               | 805,000               | 613,979                | 613,979                | 613,979               | (23.73%)                  |
| Contributions from Governments                   | 2,975,000             | 3,370,903             | 3,021,148             | 7,493,988              | 7,493,988              | 7,493,988             | 148.05%                   |
| Licenses and Permits                             | 369,855               | 393,796               | 380,000               | 475,000                | 475,000                | 475,000               | 25.00%                    |
| Charges for Services                             | 6,286,129             | 6,993,523             | 6,345,961             | 6,865,482              | 6,865,482              | 6,865,482             | 8.19%                     |
| Contributions from Private Sources               | 38,200                | -                     | -                     | -                      | -                      | -                     | 0.00%                     |
| Internal Charges for Services                    | -                     | 7,390                 | 16,718                | -                      | -                      | -                     | (100.00%)                 |
| Miscellaneous Revenue                            | 219,536               | 677,919               | 2,329,391             | 1,343,965              | 1,343,965              | 1,343,965             | (42.30%)                  |
| Other Financing Sources                          | 11,257                | 12,542                | -                     | -                      | -                      | -                     | 0.00%                     |
| <b>Subtotal Current Revenues</b>                 | <b>49,027,814</b>     | <b>51,548,185</b>     | <b>57,772,727</b>     | <b>61,305,321</b>      | <b>61,305,321</b>      | <b>61,325,321</b>     | <b>6.15%</b>              |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | 1,903,088             | 1,822,711             | 4,307,427             | 4,978,039              | 4,978,039              | 4,837,352             | 12.30%                    |
| Interfund Reimbursements                         | 11,404,601            | 12,934,079            | 14,660,011            | 14,882,848             | 14,882,848             | 14,882,848            | 1.52%                     |
| Interfund Loans                                  | 442,064               | 227,400               | 189,437               | 190,787                | 190,787                | 190,787               | 0.71%                     |
| Fund Equity Transfers                            | 281,742               | 742,951               | 324,892               | -                      | -                      | 800,950               | 146.53%                   |
| <b>Subtotal Interfund Transfers</b>              | <b>14,031,495</b>     | <b>15,727,141</b>     | <b>19,481,767</b>     | <b>20,051,674</b>      | <b>20,051,674</b>      | <b>20,711,937</b>     | <b>6.31%</b>              |
| <b>TOTAL RESOURCES</b>                           | <b>\$96,642,791</b>   | <b>\$99,858,352</b>   | <b>\$105,657,767</b>  | <b>\$108,476,302</b>   | <b>\$108,476,302</b>   | <b>\$109,963,475</b>  | <b>4.08%</b>              |
| <b>REQUIREMENTS</b>                              |                       |                       |                       |                        |                        |                       |                           |
| <b>Current Expenditures</b>                      |                       |                       |                       |                        |                        |                       |                           |
| Personnel Services                               | 29,733,748            | 31,550,617            | 36,141,906            | 37,066,569             | 37,066,569             | 36,704,226            | 1.56%                     |
| Materials and Services                           | 14,810,534            | 18,853,555            | 27,422,937            | 23,304,590             | 23,304,590             | 23,924,806            | (12.76%)                  |
| Capital Outlay                                   | 464,703               | 60,200                | 308,375               | 100,000                | 100,000                | 100,000               | (67.57%)                  |
| Debt Service                                     | 1,720,071             | 1,786,381             | 1,861,882             | 1,932,038              | 1,932,038              | 1,932,038             | 3.77%                     |
| <b>Subtotal Current Expenditures</b>             | <b>46,729,056</b>     | <b>52,250,752</b>     | <b>65,735,100</b>     | <b>62,403,197</b>      | <b>62,403,197</b>      | <b>62,661,070</b>     | <b>(4.68%)</b>            |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | -                     | -                     | 194,000               | 639,000                | 639,000                | 639,000               | 229.38%                   |
| Interfund Reimbursements                         | 140,532               | 312,334               | 374,341               | 485,676                | 485,676                | 485,676               | 29.74%                    |
| Fund Equity Transfers                            | 15,270,261            | 18,217,325            | 19,503,563            | 17,436,590             | 17,436,590             | 17,436,590            | (10.60%)                  |
| Interfund Loans                                  | 1,919,916             | -                     | -                     | -                      | -                      | -                     | 0.00%                     |
| <b>Subtotal Interfund Transfers</b>              | <b>17,330,709</b>     | <b>18,529,659</b>     | <b>20,071,904</b>     | <b>18,561,266</b>      | <b>18,561,266</b>      | <b>18,561,266</b>     | <b>(7.53%)</b>            |
| Contingency                                      | -                     | -                     | 3,541,613             | 8,092,165              | 8,092,165              | 8,133,665             | 129.66%                   |
| Unappropriated Fund Balance                      | 32,583,026            | 29,077,941            | 16,309,150            | 19,419,674             | 19,419,674             | 20,607,474            | 26.36%                    |
| <b>Subtotal Contingency/Ending Balance</b>       | <b>32,583,026</b>     | <b>29,077,941</b>     | <b>19,850,763</b>     | <b>27,511,839</b>      | <b>27,511,839</b>      | <b>28,741,139</b>     | <b>44.79%</b>             |
| <b>TOTAL REQUIREMENTS</b>                        | <b>\$96,642,791</b>   | <b>\$99,858,352</b>   | <b>\$105,657,767</b>  | <b>\$108,476,302</b>   | <b>\$108,476,302</b>   | <b>\$109,963,475</b>  | <b>4.08%</b>              |
| <b>FULL-TIME EQUIVALENTS</b>                     | <b>290.24</b>         | <b>291.55</b>         | <b>297.05</b>         | <b>297.98</b>          | <b>297.98</b>          | <b>300.98</b>         | <b>1.32%</b>              |
| <b>FTE CHANGE FROM FY 2015-16 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>3.93</b>               |

## FY 2016-17 MERC Fund Summary

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | Change<br>From<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|---------------------------|
| <b>RESOURCES</b>                                 |                       |                       |                       |                        |                        |                       |                           |
| Beginning Fund Balance                           | 30,414,365            | 32,059,959            | 33,134,960            | 40,849,697             | 40,849,697             | 46,923,973            | 41.61%                    |
| <b>Current Revenues</b>                          |                       |                       |                       |                        |                        |                       |                           |
| Interest Earnings                                | 173,347               | 211,752               | 91,000                | 171,000                | 171,000                | 171,000               | 87.91%                    |
| Grants   | 454,755               | 256,022               | -                     | 55,000                 | 55,000                 | 55,000                | n/a                       |
| Local Government Shared Revenues                 | 15,748,940            | 18,880,684            | 14,132,140            | 18,918,750             | 18,918,750             | 18,918,750            | 33.87%                    |
| Contributions from Governments                   | 814,794               | 837,608               | 853,950               | 871,029                | 871,029                | 871,029               | 2.00%                     |
| Charges for Services                             | 34,926,509            | 42,717,860            | 41,037,043            | 42,532,213             | 42,532,213             | 42,532,213            | 3.64%                     |
| Contributions from Private Sources               | 85,000                | 200,000               | 387,501               | 650,501                | 650,501                | 650,501               | 67.87%                    |
| Miscellaneous Revenue                            | 106,187               | 174,417               | 95,477                | 103,440                | 103,440                | 103,440               | 8.34%                     |
| Other Financing Sources                          | 5,190                 | 3,125                 | -                     | -                      | -                      | -                     | 0.00%                     |
| <b>Subtotal Current Revenues</b>                 | <b>52,314,722</b>     | <b>63,281,467</b>     | <b>56,597,111</b>     | <b>63,301,933</b>      | <b>63,301,933</b>      | <b>63,301,933</b>     | <b>11.85%</b>             |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | -                     | -                     | 39,300                | -                      | -                      | -                     | (100.00%)                 |
| Interfund Loans                                  | 1,919,916             | -                     | -                     | -                      | -                      | -                     | 0.00%                     |
| Fund Equity Transfers                            | 418,633               | 1,138,263             | 1,125,132             | 600,000                | 600,000                | 600,000               | (46.67%)                  |
| <b>Subtotal Interfund Transfers</b>              | <b>2,338,549</b>      | <b>1,138,263</b>      | <b>1,164,432</b>      | <b>600,000</b>         | <b>600,000</b>         | <b>600,000</b>        | <b>(48.47%)</b>           |
| <b>TOTAL RESOURCES</b>                           | <b>\$85,067,636</b>   | <b>\$96,479,689</b>   | <b>\$90,896,503</b>   | <b>\$104,751,630</b>   | <b>\$104,751,630</b>   | <b>\$110,825,906</b>  | <b>21.93%</b>             |
| <b>REQUIREMENTS</b>                              |                       |                       |                       |                        |                        |                       |                           |
| <b>Current Expenditures</b>                      |                       |                       |                       |                        |                        |                       |                           |
| Personnel Services                               | 16,296,492            | 17,696,716            | 19,860,619            | 20,575,407             | 20,575,407             | 20,310,932            | 2.27%                     |
| Materials and Services                           | 27,003,958            | 28,649,047            | 29,652,204            | 31,509,026             | 31,509,026             | 31,817,886            | 7.30%                     |
| Capital Outlay                                   | 4,618,230             | 4,353,906             | 8,483,500             | 8,658,328              | 8,658,328              | 14,418,744            | 69.96%                    |
| <b>Subtotal Current Expenditures</b>             | <b>47,918,680</b>     | <b>50,699,669</b>     | <b>57,996,323</b>     | <b>60,742,761</b>      | <b>60,742,761</b>      | <b>66,547,562</b>     | <b>14.74%</b>             |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | 142,347               | 97,604                | 69,345                | 72,212                 | 72,212                 | 72,212                | 4.13%                     |
| Interfund Reimbursements                         | 3,315,935             | 3,663,124             | 4,156,377             | 4,080,228              | 4,080,228              | 4,080,228             | (1.83%)                   |
| Fund Equity Transfers                            | 1,188,651             | 1,426,050             | 4,586,176             | 5,184,628              | 5,184,628              | 5,454,103             | 18.92%                    |
| Interfund Loans                                  | 442,064               | 227,400               | 189,437               | 190,787                | 190,787                | 190,787               | 0.71%                     |
| <b>Subtotal Interfund Transfers</b>              | <b>5,088,997</b>      | <b>5,414,178</b>      | <b>9,001,335</b>      | <b>9,527,855</b>       | <b>9,527,855</b>       | <b>9,797,330</b>      | <b>8.84%</b>              |
| Contingency                                      | -                     | -                     | 23,898,845            | 34,481,014             | 34,481,014             | 34,481,014            | 44.28%                    |
| Unappropriated Fund Balance                      | 32,059,959            | 40,365,842            | -                     | -                      | -                      | -                     | 0.00%                     |
| <b>Subtotal Contingency/Ending Balance</b>       | <b>32,059,959</b>     | <b>40,365,842</b>     | <b>23,898,845</b>     | <b>34,481,014</b>      | <b>34,481,014</b>      | <b>34,481,014</b>     | <b>44.28%</b>             |
| <b>TOTAL REQUIREMENTS</b>                        | <b>\$85,067,636</b>   | <b>\$96,479,689</b>   | <b>\$90,896,503</b>   | <b>\$104,751,630</b>   | <b>\$104,751,630</b>   | <b>\$110,825,906</b>  | <b>21.93%</b>             |
| <b>FULL-TIME EQUIVALENTS</b>                     | <b>175.50</b>         | <b>182.35</b>         | <b>186.35</b>         | <b>189.95</b>          | <b>189.95</b>          | <b>189.95</b>         | <b>1.93%</b>              |
| <b>FTE CHANGE FROM FY 2015-16 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>3.60</b>               |

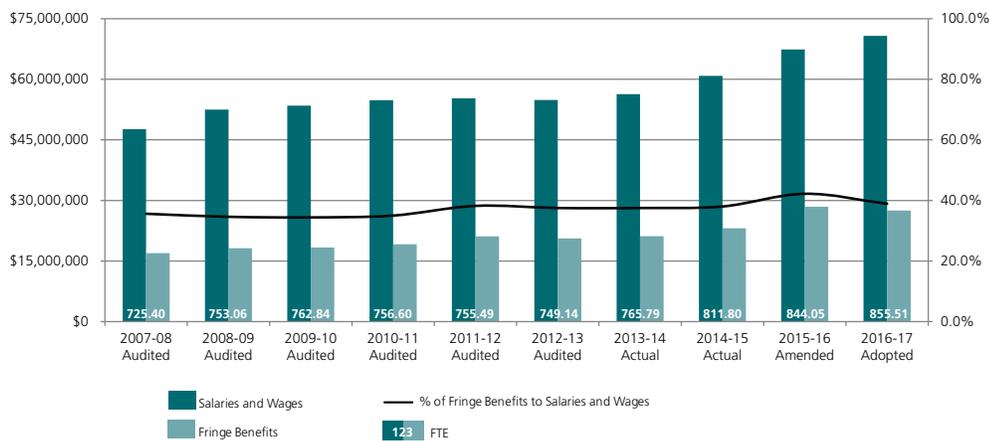
## FY 2016-17 Oregon Zoo Operating Fund Summary

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | Change<br>From<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|---------------------------|
| <b>RESOURCES</b>                                 |                       |                       |                       |                        |                        |                       |                           |
| Beginning Fund Balance                           | -                     | -                     | -                     | 1,000,000              | 1,000,000              | 1,012,225             | n/a                       |
| <b>Current Revenues</b>                          |                       |                       |                       |                        |                        |                       |                           |
| Interest Earnings                                | -                     | -                     | -                     | 10,000                 | 10,000                 | 10,000                | n/a                       |
| Grants   | 128,028               | 143,444               | 182,690               | 179,190                | 179,190                | 179,190               | (1.92%)                   |
| Charges for Services                             | 20,586,582            | 21,230,866            | 23,328,428            | 26,672,809             | 26,672,809             | 26,672,809            | 14.34%                    |
| Contributions from Private Sources               | 292,904               | 445,343               | 970,272               | 620,362                | 620,362                | 620,362               | (36.06%)                  |
| Miscellaneous Revenue                            | 75,694                | 39,898                | 80,000                | 80,000                 | 80,000                 | 80,000                | 0.00%                     |
| Other Financing Sources                          | 48,506                | 6,799                 | -                     | -                      | -                      | -                     | 0.00%                     |
| <b>Subtotal Current Revenues</b>                 | <b>21,131,713</b>     | <b>21,866,350</b>     | <b>24,561,390</b>     | <b>27,562,361</b>      | <b>27,562,361</b>      | <b>27,562,361</b>     | <b>12.22%</b>             |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | 1,344,678             | 112,534               | 452,880               | 465,384                | 465,384                | 465,384               | 2.76%                     |
| Fund Equity Transfers                            | 11,163,043            | 12,551,269            | 14,376,600            | 12,546,000             | 12,546,000             | 12,546,000            | (12.73%)                  |
| <b>Subtotal Interfund Transfers</b>              | <b>12,507,721</b>     | <b>12,663,803</b>     | <b>14,829,480</b>     | <b>13,011,384</b>      | <b>13,011,384</b>      | <b>13,011,384</b>     | <b>(12.26%)</b>           |
| <b>TOTAL RESOURCES</b>                           | <b>\$33,639,434</b>   | <b>\$34,530,153</b>   | <b>\$39,390,870</b>   | <b>\$41,573,745</b>    | <b>\$41,573,745</b>    | <b>\$41,585,970</b>   | <b>5.57%</b>              |
| <b>REQUIREMENTS</b>                              |                       |                       |                       |                        |                        |                       |                           |
| <b>Current Expenditures</b>                      |                       |                       |                       |                        |                        |                       |                           |
| Personnel Services                               | 18,090,174            | 18,841,658            | 21,131,303            | 21,889,020             | 21,889,020             | 21,759,257            | 2.97%                     |
| Materials and Services                           | 12,191,427            | 12,062,486            | 13,371,979            | 14,074,643             | 14,074,643             | 14,086,868            | 5.35%                     |
| Capital Outlay                                   | 35,106                | 90,358                | 20,000                | 20,000                 | 20,000                 | 20,000                | 0.00%                     |
| <b>Subtotal Current Expenditures</b>             | <b>30,316,706</b>     | <b>30,994,502</b>     | <b>34,523,282</b>     | <b>35,983,663</b>      | <b>35,983,663</b>      | <b>35,866,125</b>     | <b>3.89%</b>              |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | 144,659               | 130,294               | 174,464               | 343,717                | 343,717                | 203,030               | 16.37%                    |
| Interfund Reimbursements                         | 2,792,839             | 3,004,007             | 3,362,634             | 3,470,260              | 3,470,260              | 3,470,260             | 3.20%                     |
| Fund Equity Transfers                            | 385,230               | 397,600               | 403,650               | 510,825                | 510,825                | 781,275               | 93.55%                    |
| Interfund Loans                                  | -                     | 3,750                 | 16,140                | 265,280                | 265,280                | 265,280               | 1543.62%                  |
| <b>Subtotal Interfund Transfers</b>              | <b>3,322,728</b>      | <b>3,535,651</b>      | <b>3,956,888</b>      | <b>4,590,082</b>       | <b>4,590,082</b>       | <b>4,719,845</b>      | <b>19.28%</b>             |
| Contingency                                      | -                     | -                     | 910,700               | 1,000,000              | 1,000,000              | 1,000,000             | 9.81%                     |
| <b>Subtotal Contingency/Ending Balance</b>       | <b>-</b>              | <b>-</b>              | <b>910,700</b>        | <b>1,000,000</b>       | <b>1,000,000</b>       | <b>1,000,000</b>      | <b>9.81%</b>              |
| <b>TOTAL REQUIREMENTS</b>                        | <b>\$33,639,434</b>   | <b>\$34,530,153</b>   | <b>\$39,390,870</b>   | <b>\$41,573,745</b>    | <b>\$41,573,745</b>    | <b>\$41,585,970</b>   | <b>5.57%</b>              |
| <b>FULL-TIME EQUIVALENTS</b>                     | <b>167.60</b>         | <b>179.65</b>         | <b>192.65</b>         | <b>192.60</b>          | <b>192.60</b>          | <b>192.60</b>         | <b>(0.03%)</b>            |
| <b>FTE CHANGE FROM FY 2015-16 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>(0.05)</b>             |

## FY 2016-17 Solid Waste Fund Summary

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | Change<br>From<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|---------------------------|
| <b>RESOURCES</b>                                 |                       |                       |                       |                        |                        |                       |                           |
| Beginning Fund Balance                           | 39,971,367            | 43,119,323            | 42,393,597            | 46,564,168             | 46,564,168             | 48,004,168            | 13.23%                    |
| <b>Current Revenues</b>                          |                       |                       |                       |                        |                        |                       |                           |
| Interest Earnings                                | 243,299               | 213,970               | 314,960               | 452,722                | 452,722                | 452,722               | 43.74%                    |
| Grants   | 80,000                | -                     | -                     | -                      | -                      | -                     | 0.00%                     |
| Contributions from Governments                   | -                     | -                     | -                     | 45,000                 | 45,000                 | 45,000                | n/a                       |
| Charges for Services                             | 58,486,677            | 62,646,549            | 64,282,713            | 69,370,212             | 69,370,212             | 69,370,212            | 7.91%                     |
| Miscellaneous Revenue                            | 29,703                | 43,443                | 77,000                | 77,000                 | 77,000                 | 77,000                | 0.00%                     |
| Other Financing Sources                          | 51,139                | 17,333                | -                     | -                      | -                      | -                     | 0.00%                     |
| <b>Subtotal Current Revenues</b>                 | <b>58,890,818</b>     | <b>62,921,295</b>     | <b>64,674,673</b>     | <b>69,944,934</b>      | <b>69,944,934</b>      | <b>69,944,934</b>     | <b>8.15%</b>              |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | 75,504                | 58,951                | 60,514                | 17,310                 | 17,310                 | 17,310                | (71.40%)                  |
| Interfund Loans                                  | -                     | 3,750                 | 16,140                | 475,280                | 475,280                | 475,280               | 2844.73%                  |
| Fund Equity Transfers                            | 88,226                | 138,777               | 80,502                | 205,642                | 205,642                | 205,642               | 155.45%                   |
| <b>Subtotal Interfund Transfers</b>              | <b>163,730</b>        | <b>201,478</b>        | <b>157,156</b>        | <b>698,232</b>         | <b>698,232</b>         | <b>698,232</b>        | <b>344.29%</b>            |
| <b>TOTAL RESOURCES</b>                           | <b>\$99,025,915</b>   | <b>\$106,242,096</b>  | <b>\$107,225,426</b>  | <b>\$117,207,334</b>   | <b>\$117,207,334</b>   | <b>\$118,647,334</b>  | <b>10.65%</b>             |
| <b>REQUIREMENTS</b>                              |                       |                       |                       |                        |                        |                       |                           |
| <b>Current Expenditures</b>                      |                       |                       |                       |                        |                        |                       |                           |
| Personnel Services                               | 9,827,903             | 10,705,616            | 12,367,973            | 13,445,313             | 13,445,313             | 13,287,913            | 7.44%                     |
| Materials and Services                           | 39,263,110            | 42,447,489            | 45,857,182            | 48,398,311             | 48,398,311             | 48,488,311            | 5.74%                     |
| Capital Outlay                                   | 371,138               | 720,907               | 3,191,275             | 3,536,050              | 3,536,050              | 4,866,050             | 52.48%                    |
| <b>Subtotal Current Expenditures</b>             | <b>49,462,151</b>     | <b>53,874,012</b>     | <b>61,416,430</b>     | <b>65,379,674</b>      | <b>65,379,674</b>      | <b>66,642,274</b>     | <b>8.51%</b>              |
| <b>Interfund Transfers</b>                       |                       |                       |                       |                        |                        |                       |                           |
| Internal Service Transfers                       | 1,863,929             | 381,002               | 712,884               | 888,607                | 888,607                | 888,607               | 24.65%                    |
| Interfund Reimbursements                         | 4,580,512             | 4,899,722             | 5,260,027             | 5,150,099              | 5,150,099              | 5,150,099             | (2.09%)                   |
| Fund Equity Transfers                            | -                     | 149,500               | 103,110               | 23,100                 | 23,100                 | 200,500               | 94.45%                    |
| Interfund Loans                                  | -                     | 1,500,000             | 1,728,000             | 2,000,000              | 2,000,000              | 2,000,000             | 15.74%                    |
| <b>Subtotal Interfund Transfers</b>              | <b>6,444,441</b>      | <b>6,930,224</b>      | <b>7,804,021</b>      | <b>8,061,806</b>       | <b>8,061,806</b>       | <b>8,239,206</b>      | <b>5.58%</b>              |
| Contingency                                      | -                     | -                     | 16,028,619            | 14,993,016             | 14,993,016             | 14,993,016            | (6.46%)                   |
| Unappropriated Fund Balance                      | 43,119,323            | 45,437,860            | 21,976,356            | 28,772,838             | 28,772,838             | 28,772,838            | 30.93%                    |
| <b>Subtotal Contingency/Ending Balance</b>       | <b>43,119,323</b>     | <b>45,437,860</b>     | <b>38,004,975</b>     | <b>43,765,854</b>      | <b>43,765,854</b>      | <b>43,765,854</b>     | <b>15.16%</b>             |
| <b>TOTAL REQUIREMENTS</b>                        | <b>\$99,025,915</b>   | <b>\$106,242,096</b>  | <b>\$107,225,426</b>  | <b>\$117,207,334</b>   | <b>\$117,207,334</b>   | <b>\$118,647,334</b>  | <b>10.65%</b>             |
| <b>FULL-TIME EQUIVALENTS</b>                     | <b>90.75</b>          | <b>101.30</b>         | <b>107.45</b>         | <b>112.46</b>          | <b>112.46</b>          | <b>112.46</b>         | <b>4.66%</b>              |
| <b>FTE CHANGE FROM FY 2015-16 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>5.01</b>               |

## FY 2016-17 Comparison of salaries and wages



## Salaries, wages and benefits

Over the 10-year period authorized FTE has risen by approximately 130 FTE. About 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 RISE program, Active Transportation, Greenhouse Gas scenarios, Diversity, Equity and Inclusion 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 ten collective bargaining units. AFSCME 3580 and LIUNA 483, the two largest collective bargaining units representing approximately 52 percent of all regular positions and 78 percent of represented regular positions have agreements in place through June 30, 2017. In addition, LIUNA 483 now represents all temporary or seasonal concessions employees at the Oregon Zoo. 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 3.0 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 was also reserved. This PERS reserve is now being used to partially offset PERS related costs for the next four to five years, resulting in a 1.0 percent offset in FY 2016-17.

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, 2014, 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 and represented employees receive a 92 percent employer share and 8 percent employee share.

The FY 2016-17 proposed budget originally assumed a 10 percent increase in health care premiums over the current year. Actual costs are dependent 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. Actual renewal rates received in the Spring 2016 resulted in a 2.3 percent reduction from the current year. Most of this reduction has been reorganized in the adopted budget.

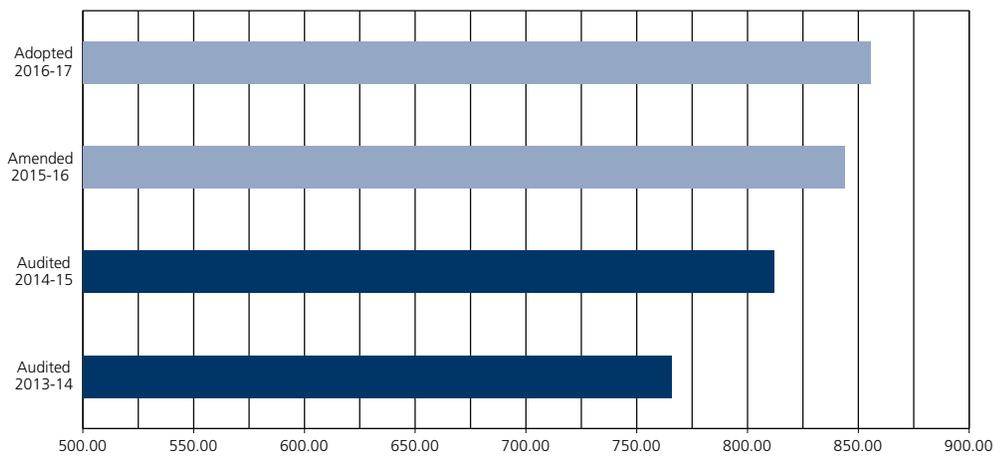
The appendices in the Detail volume provide more discussion on fringe benefit components.

# 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.

Overall staffing levels have gradually increased since the economic recovery with the one exception of positions added as a result of the passage of the FY 2013-14 Parks and Natural Areas Local Option Levy. Approximately 34 FTE have been added to the levy fund since the first year

## Historic staffing levels - overall



## Historic staffing levels by service

| <b>Total Agency</b>                 | <b>FY 2013-14</b> | <b>FY 2014-15</b> | <b>FY 2015-16</b> | <b>FY 2016-17</b> | <b>Change From</b> |                   |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
|                                     |                   |                   |                   |                   | <b>FY 2015-16</b>  | <b>FY 2013-14</b> |
| Communications                      | 22.25             | 25.00             | 25.00             | 13.00             | (12.00)            | (9.25)            |
| Council                             | 26.69             | 30.00             | 31.50             | 30.00             | (1.50)             | 3.31              |
| Finance and Regulatory Services     | 48.50             | 42.00             | 40.30             | 39.30             | (1.00)             | (9.20)            |
| Human Resources                     | 17.75             | 19.00             | 19.80             | 20.80             | 1.00               | 3.05              |
| Information Services                | 27.50             | 27.50             | 27.50             | 28.50             | 1.00               | 1.00              |
| Non-Departmental                    | 1.00              | -                 | -                 | -                 | -                  | (1.00)            |
| Office of Metro Attorney            | 15.00             | 15.50             | 16.00             | 16.00             | -                  | 1.00              |
| Office of the Auditor               | 6.00              | 6.00              | 6.00              | 6.00              | -                  | -                 |
| Parks and Nature                    | 85.65             | 86.85             | 92.10             | 99.80             | 7.70               | 14.15             |
| Planning and Development Department | 45.40             | 47.15             | 48.30             | 55.30             | 7.00               | 9.90              |
| Property and Environmental Services | 92.95             | 114.80            | 124.55            | 130.26            | 5.71               | 37.31             |
| Research Center                     | 26.75             | 28.50             | 28.00             | 28.00             | -                  | 1.25              |
| Visitor Venues                      | 350.35            | 369.50            | 385.00            | 388.55            | 3.55               | 38.20             |
| <b>TOTAL BUDGET</b>                 | <b>765.79</b>     | <b>811.80</b>     | <b>844.05</b>     | <b>855.51</b>     | <b>11.46</b>       | <b>89.72</b>      |

| <b>Visitor Venues</b>           | <b>FY 2013-14</b> | <b>FY 2014-15</b> | <b>FY 2015-16</b> | <b>FY 2016-17</b> | <b>Change From</b> |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
|                                 |                   |                   |                   |                   | <b>FY 2015-16</b>  | <b>FY 2013-14</b> |
| Expo Center                     | 12.30             | 14.80             | 15.80             | 15.30             | (0.50)             | 3.00              |
| MERC Administration             | 6.50              | 6.00              | 6.50              | 6.60              | 0.10               | 0.10              |
| Oregon Convention Center        | 112.30            | 114.65            | 114.65            | 115.65            | 1.00               | 3.35              |
| Oregon Zoo                      | 174.85            | 187.15            | 198.65            | 198.60            | (0.05)             | 23.75             |
| Portland's Centers for the Arts | 44.40             | 46.90             | 49.40             | 52.40             | 3.00               | 8.00              |
| <b>Total Visitor Venue FTE</b>  | <b>350.35</b>     | <b>369.50</b>     | <b>385.00</b>     | <b>388.55</b>     | <b>3.55</b>        | <b>38.20</b>      |

### Staffing changes for FY 2016-17

The FY 2016-17 budget increases the number of authorized positions by a net 11.46 FTE. The Visitor Venues (Oregon Zoo, Oregon Convention Center, Expo Center and Portland's Centers for the Arts) added a 3.55 FTE to address service level concerns. The remaining new FTE are added to meet other high priority staffing needs in Communications, Finance and Regulatory Services, Human Resources, Information Services, Planning and Development and Property and Environmental Services. Other staffing changes by service area reflect continuing consolidation and realignments arising from agency reorganizations.

The FY 2016-17 Proposed Budget implements a budgetary reorganization of the Communications department. These changes provide better transparency in how these positions are funded and eases grant compliance and reporting. Certain positions were identified as providing agency wide or core communications functions. These functions remained in the Communications department within the General fund and are funded through the agency cost allocation plan. Other Communications positions were identified as providing program-oriented communications functions meeting specific internal or external customer needs. These positions are now embedded in the appropriate department budget and are now directly funded by those funding sources. Management of all communications positions regardless of where they are budgeted remains with the Communications Director. The Communications Director will collaborate with other department directors in the assignment of projects to embedded communications staff.

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 2015-16<br>Amended<br>FTE | FY 2016-17 Changes         |   |                                   |                               |                                   |                     |                             | FY 2016-17<br>Proposed<br>FTE |                     |
|-------------------------------------|------------------------------|----------------------------|---|-----------------------------------|-------------------------------|-----------------------------------|---------------------|-----------------------------|-------------------------------|---------------------|
|                                     |                              | Misc.<br>Changes in<br>FTE | Embedded<br>Communications<br>Positions | Other<br>Transferred<br>Positions | Eliminated<br>LD<br>Positions | Eliminated<br>Regular<br>Positons | New LD<br>Positions | New<br>Regular<br>Positions |                               | Total FTE<br>Change |
| Office of the Auditor               | 6.00                         | -                          | -                                       | -                                 | -                             | -                                 | -                   | -                           | -                             | 6.00                |
| Council                             | 31.50                        | -                          | -                                       | (1.00)                            | (0.50)                        | -                                 | -                   | -                           | (1.50)                        | 30.00               |
| Office of Metro Attorney            | 16.00                        | -                          | -                                       | -                                 | -                             | -                                 | -                   | -                           | -                             | 16.00               |
| Communications                      | 25.00                        | -                          | (13.00)                                 | -                                 | -                             | -                                 | 1.00                | -                           | (12.00)                       | 13.00               |
| Finance and Regulatory Services     | 40.30                        | -                          | -                                       | (2.00)                            | -                             | -                                 | -                   | 1.00                        | (1.00)                        | 39.30               |
| Human Resources                     | 19.80                        | -                          | -                                       | -                                 | -                             | -                                 | -                   | 1.00                        | 1.00                          | 20.80               |
| Information Services                | 27.50                        | -                          | -                                       | -                                 | -                             | -                                 | -                   | 1.00                        | 1.00                          | 28.50               |
| Parks and Nature                    | 92.10                        | (3.00)                     | 6.00                                    | 3.70                              | -                             | -                                 | 1.00                | -                           | 7.70                          | 99.80               |
| Planning and Development            | 48.30                        | -                          | 6.00                                    | -                                 | -                             | -                                 | 0.50                | 0.50                        | 7.00                          | 55.30               |
| Property and Environmental Services | 124.55                       | (0.09)                     | 5.00                                    | (0.80)                            | -                             | -                                 | -                   | 1.60                        | 5.71                          | 130.26              |
| Research Center                     | 28.00                        | -                          | -                                       | -                                 | -                             | -                                 | -                   | -                           | -                             | 28.00               |
| Visitor Venues                      | 385.00                       | (0.05)                     | -                                       | 0.10                              | (1.00)                        | (1.00)                            | -                   | 5.50                        | 3.55                          | 388.55              |
| <b>TOTAL</b>                        | <b>844.05</b>                | <b>(3.14)</b>              | <b>4.00</b>                             | <b>-</b>                          | <b>(1.50)</b>                 | <b>(1.00)</b>                     | <b>2.50</b>         | <b>10.60</b>                | <b>11.46</b>                  | <b>855.51</b>       |

# 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 March 2016 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. The value of the high grade rating was confirmed in the successful 2016 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, 2016, Metro will have eight debt issues outstanding, totaling \$228,690,000. 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). With the economy gaining strength real market values are again on the rise. New construction is also on the rise allowing for an average growth in assessed values greater than the 3 percent annual limit allowed under Ballot Measure 50. 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 four 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: \$190,565,000 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, and fully retired in June 2015; \$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 partially refunded in 2014, and a second series issued in 2012; and \$125.0 million for Oregon Zoo infrastructure and projects related to animal welfare, for which four issues were placed in December 2008, August 2010, May 2012 and March 2016.

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: \$17,970,000 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: \$20,155,000 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 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 the Oregon Zoo. In March 2016 Metro issued another \$30 million under the 2008 Oregon Zoo Infrastructure and Animal Welfare authorization. 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 \$10 million.

Metro will closely monitor the needs of both bond programs with current plans to issue the remaining authorization sometime between Spring 2018 and Spring 2019.

In addition, Metro has negotiated with a developer to construct a 600 room hotel adjacent to the Oregon Convention Center. Metro will issue revenue bonds backed by the site specific transient lodging tax during 2016. The size of the bonds will be sufficient to obtain net proceeds of \$60 million after financing costs, debt reserve and capitalized interest.

## Outstanding debt issues

|  | Original Amount | Original Issue Date | Principal Outstanding | Final Maturity | Source of Payment      |
|--|-----------------|---------------------|-----------------------|----------------|------------------------|
| <b>GENERAL OBLIGATION BONDS</b>                        |                 |                     |                       |                |                        |
| General Obligation Refunding Bonds                     |                 |                     |                       |                |                        |
| Metro Washington Park Zoo Oregon Project 2005 Series   | 18,085,000      | 5/12/05             | 2,210,000             | 1/15/2017      | Property Taxes         |
| Natural Areas 2014 Series                              | 57,955,000      | 11/5/14             | 47,200,000            | 6/1/2020       | Property Taxes         |
| General Obligation Bonds                               |                 |                     |                       |                |                        |
| Natural Areas 2007 Series                              | 124,295,000     | 4/3/07              | 5,095,000             | 6/1/2017       | Property Taxes         |
| Natural Areas 2012A Series                             | 75,000,000      | 5/23/12             | 58,730,000            | 6/1/2026       | Property Taxes         |
| Oregon Zoo Infrastructure 2012A Series                 | 65,000,000      | 5/23/12             | 47,330,000            | 6/1/2028       | Property Taxes         |
| Oregon Zoo Infrastructure 2016 Series                  | 30,000,000      | 3/24/16             | 30,000,000            | 6/1/2020       | Property Taxes         |
| <b>TOTAL GENERAL OBLIGATION BONDS OUTSTANDING</b>      |                 |                     | <b>\$190,565,000</b>  |                |                        |
| <b>FULL FAITH AND CREDIT BONDS</b>                     |                 |                     |                       |                |                        |
| Full Faith and Credit Refunding Bonds                  |                 |                     |                       |                |                        |
| 2006 Series  | 14,700,000      | 4/20/06             | 8,680,000             | 12/1/2024      | General Revenues       |
| 2013 Series  | 12,600,000      | 2/26/13             | 9,290,000             | 8/1/2022       | General Revenues       |
| <b>TOTAL FULL FAITH &amp; CREDIT BONDS OUTSTANDING</b> |                 |                     | <b>\$17,970,000</b>   |                |                        |
| <b>PENSION OBLIGATION BONDS</b>                        |                 |                     |                       |                |                        |
| Limited Tax Pension Obligation Bonds                   |                 |                     |                       |                |                        |
| Series 2005  | \$24,290,000    | 9/23/05             | \$20,155,000          | 6/1/2028       | Department Assessments |
| <b>TOTAL PENSION OBLIGATION BONDS OUTSTANDING</b>      |                 |                     | <b>\$20,155,000</b>   |                |                        |
| <b>GRAND TOTAL – METRO DEBT OUTSTANDING</b>            |                 |                     | <b>\$228,690,000</b>  |                |                        |

## 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%                                     |                             |                                     |
| 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%                               |
| (2) 2014             | 136,104,534,535 | 5,269,162,327            | 4.0%                       | 191,403,168,645   | 9,287,290,841               | 5.1%                          | 71.1%                                     | 3,155,397                   | 967.7%                              |
| 2015                 | 142,461,651,630 | 6,357,117,095            | 4.7%                       | 211,844,217,262   | 20,441,048,617              | 10.7%                         | 67.2%                                     | 2,934,009                   | (7.0%)                              |
| 2016                 | 149,640,510,698 | 7,178,859,068            | 5.0%                       | 232,729,794,715   | 20,885,577,453              | 9.9%                          | 64.3%                                     | 2,387,817                   | (18.6%)                             |
| (3) 2017             | 157,122,536,233 | 7,482,025,535            | 5.0%                       | 256,002,774,187   | 23,272,979,472              | 10.0%                         | 61.4%                                     | 1,910,000                   | (20.0%)                             |

- (1) The passage of ballot measure 50 converted the State of Oregon from a levy based to a rate based property tax system with reductions in assessed values.  
(2) Dramatic increase in compression is due to first year of 5-year Natural Areas local option levy  
(3) Estimate for FY 2015-16 budget.

## Debt ratios as of July 1, 2016

FY 2016-17 Estimated Real Market Value                      \$256,002,774,187  
 2016 Estimated Population    1,762,839

|                             | Debt Outstanding     | Debt per Capita | Debt as % of<br>Real Market Value |
|-----------------------------|----------------------|-----------------|-----------------------------------|
| General Obligation Debt     | \$190,565,000        | \$108.10        | 0.07%                             |
| Full Faith and Credit Bonds | 17,970,000           | 10.19           | 0.01%                             |
| Pension Obligation Bonds    | 20,155,000           | 11.43           | 0.01%                             |
| <b>TOTAL METRO DEBT</b>     | <b>\$228,690,000</b> | <b>\$129.73</b> | <b>0.09%</b>                      |

## Debt ratios as of June 30, 2017

FY 2016-17 Estimated Real Market Value                      \$256,002,774,187  
 2016 Estimated Population    1,762,839

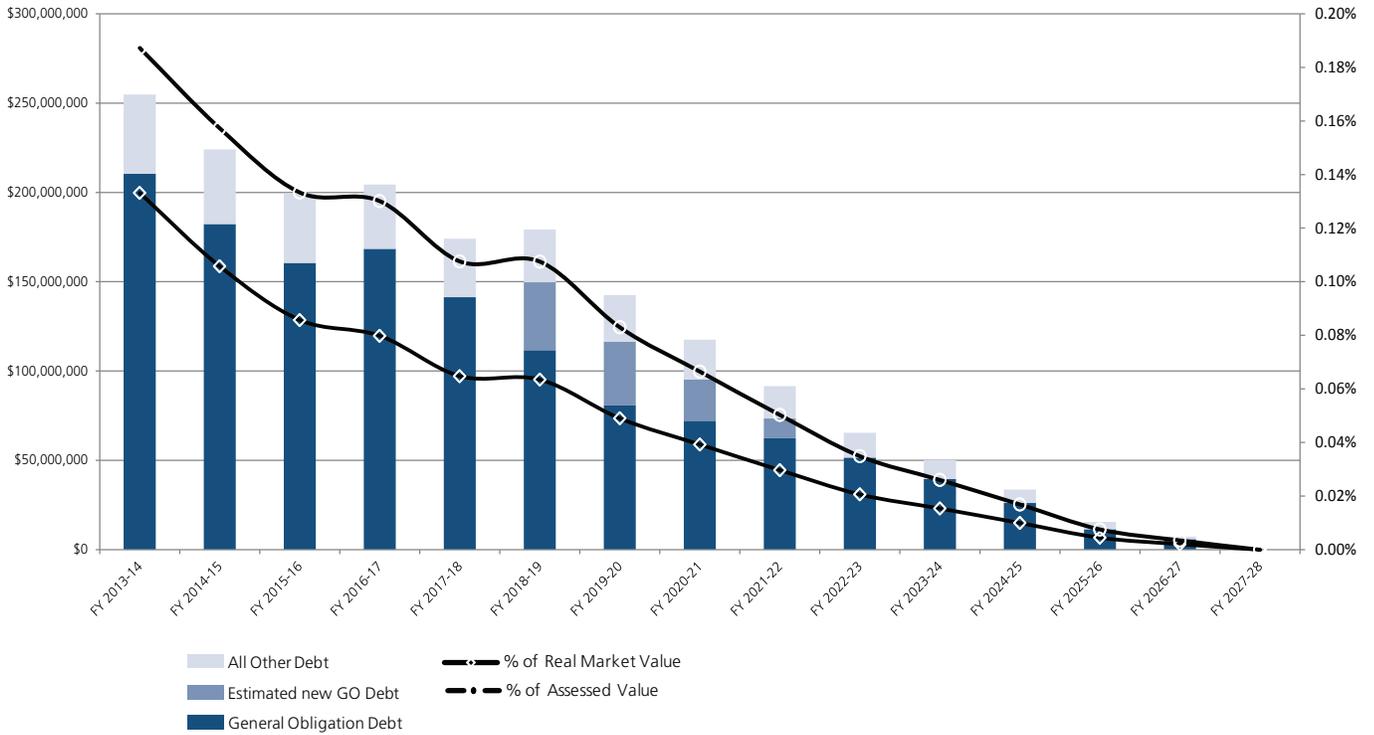
|                           | Debt Outstanding     | Debt per Capita | Debt as % of<br>Real Market Value |
|---------------------------|----------------------|-----------------|-----------------------------------|
| General Obligation Debt   | \$143,400,000        | 81.35           | 0.06%                             |
| Full Faith & Credit Bonds | \$15,765,000         | 8.94            | 0.01%                             |
| Pension Obligation Bonds  | \$19,225,000         | 10.91           | 0.01%                             |
| <b>TOTAL METRO DEBT</b>   | <b>\$178,390,000</b> | <b>\$101.19</b> | <b>0.07%</b>                      |

## Debt limitation comparison

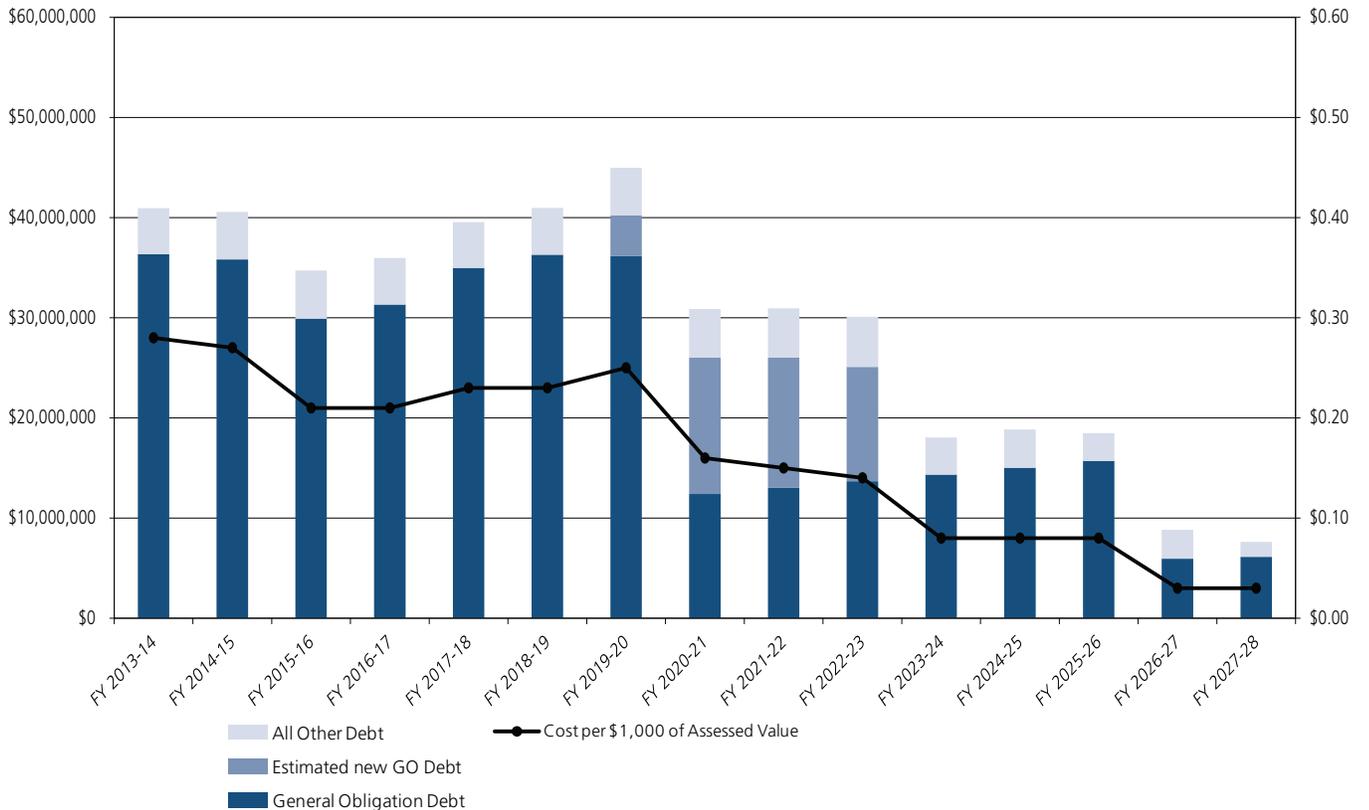
Statutory general obligation bond limit – 10 percent of Real Market Value

|  |                  |
|--|------------------|
| FY 2016-17 Estimated Real Market Value     | 256,002,774,187  |
| General Obligation Debt Limit Percentage   | 10%              |
| Statutory General Obligation Bond Limit    | \$25,600,277,419 |
| Less General Obligation Debt Outstanding   | \$190,565,000    |
| General Obligation Bond Limit Remaining    | \$25,409,712,419 |
| Metro's General Obligation Debt Percentage | 0.07%            |

## Outstanding debt by fiscal year



## Debt service payments by fiscal year



## FY 2016-17 Summary of debt service payments

|  | Principal           | Interest            | Fiscal Year<br>Debt Service |
|--|---------------------|---------------------|-----------------------------|
| General Obligation Refunding Bonds                   |                     |                     |                             |
| Metro Washington Park Zoo Oregon Project 2005 Series | 2,210,000           | 88,400              | 2,298,400                   |
| Natural Areas 2014 Series                            | 4,810,000           | 2,039,150           | 6,849,150                   |
| General Obligation Bonds                             |                     |                     |                             |
| Natural Areas 2007 Series                            | 5,095,000           | 254,750             | 5,349,750                   |
| Natural Areas 2012A Series                           | 2,790,000           | 2,840,950           | 5,630,950                   |
| Oregon Zoo Infrastructure 2012A Series               | 2,260,000           | 2,168,325           | 4,428,325                   |
| Oregon Zoo Infrastructure 2016 Series                | 4,975,000           | 1,779,167           | 6,754,167                   |
| Full Faith & Credit Refunding Bonds                  |                     |                     |                             |
| 2006 Series  | 795,000             | 387,528             | 1,182,528                   |
| 2013 Series  | 1,410,000           | 139,268             | 1,549,268                   |
| Limited Tax Pension Obligation Bonds, Series 2005    | 930,000             | 1,002,039           | 1,932,039                   |
| Revenue Bonds  |                     |                     |                             |
| OCC Hotel Project, Series 2016 (estimate only)       | 0                   | 2,500,000           | 2,500,000                   |
| <b>TOTAL FY 2016-17 DEBT SERVICE PAYMENTS</b>        | <b>\$25,275,000</b> | <b>\$13,199,577</b> | <b>\$38,474,577</b>         |

**Capital  
Improvement  
Plan  
Summary**





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 2016-17 through FY 2020-21, includes 211 projects with anticipated new spending of \$159.5 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 2016-17 through FY 2020-21

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 remain the largest component of this year’s CIP; however, the proportion of projects funded by capital reserves and other dedicated sources has increased.

### Total projects costs by organization unit

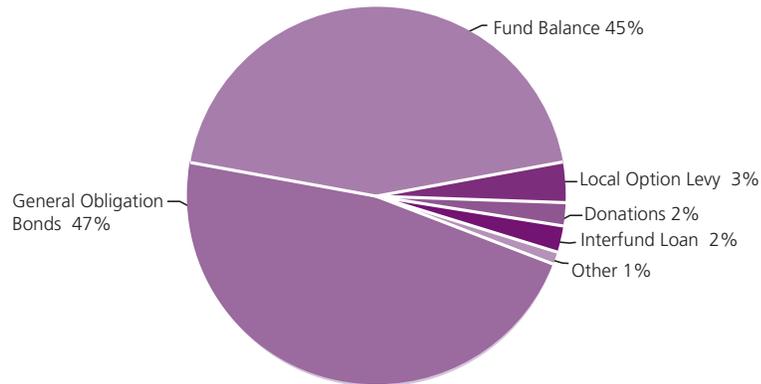
|   | Projects   | Prior Years        | FY 2016-17         | FY 2017-18        | FY 2018-19        | FY 2019-20        | FY 2020-21        | Five-Year Total    | Total              |
|---|------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Information Services                                  | 13         | 186,150            | 1,396,142          | 494,029           | 1,063,858         | 764,044           | 250,987           | 3,969,060          | 4,155,210          |
| Property and Environmental Services                   | 47         | 1,380,010          | 8,178,178          | 5,019,115         | 1,588,883         | 3,328,205         | 2,087,955         | 20,202,336         | 21,582,346         |
| Parks and Nature                                      | 35         | 107,061,100        | 22,357,968         | 12,730,531        | 12,521,993        | 3,612,329         | 795,940           | 52,018,761         | 159,079,861        |
| Visitor Venues- MERC                                  | 95         | 585,817            | 14,464,744         | 7,978,993         | 6,784,493         | 4,839,493         | 6,469,493         | 40,537,216         | 41,123,033         |
| Visitor Venues- Oregon Zoo                            | 21         | 0                  | 9,978,040          | 16,314,691        | 3,631,767         | 11,945,507        | 830,340           | 42,700,345         | 42,700,345         |
| <b>TOTAL</b>  | <b>211</b> | <b>109,213,077</b> | <b>56,375,072</b>  | <b>42,537,359</b> | <b>25,590,994</b> | <b>24,489,578</b> | <b>10,434,715</b> | <b>159,427,718</b> | <b>268,640,795</b> |
| <b>FIVE YEAR TOTAL, FY 2016-17 THROUGH FY 2020-21</b> |            |                    | <b>159,427,718</b> |                   |                   |                   |                   |                    |                    |

Property and Environmental Services spending includes solid waste and the Metro Regional Center. Parks and Nature includes General Fund spending for regional parks projects, bond funding for land purchases and natural area projects funded by the Parks and Natural Areas 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’s Centers for Arts and the Portland Expo Center. Most Information Services projects fund network infrastructure and agency software.

## SOURCES OF FUNDS

Expected spending for the next five years is almost \$159.5 million, funded as follows:

### Major funding sources



### General Obligation Bonds

The Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bond proceeds provide 47 percent of funding for CIP projects.

### Fund balance

The second largest source of funds for capital projects, at 45 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. A portion of this reserve was split out in 2015 with the creation of a dedicated Zoo Asset Management Fund. 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 also supports new capital projects.

### Local Option Levy

The Parks and Natural Areas Local Option Levy will make up about 3.2 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, as well as a small project at the Oregon Zoo Education Center.

### Donations

Donations account for 2 percent of the total, vary annually and this year reflect parks grants and contributions from the Oregon Zoo Foundation, targeted to specific projects.

### Interfund Loans and Other

Currently, there are two interfund loans from Solid Waste Fund to other Metro departments. The first was issued in FY 2014-15 to the Oregon Zoo to provide funding for two projects: the Steller Cove Renovation and the Zoo Train Renovation. The loan will be repaid with interest by the zoo over 10 years. The second loan will be issued in FY 2016-17 to Property Services to fund improvements to the Metro Regional Center building and surrounding facilities. This loan will be repaid with interest over 10 years by the General Fund with small contributions from other departments benefiting from the Metro Regional Center improvements.

# Financial Policies





BEFORE THE METRO COUNCIL

|  |   |  |
|--|---|--|
| FOR THE PURPOSE OF ADOPTING THE          | ) | RESOLUTION NO. 16-4712                 |
| CAPITAL IMPROVEMENT PLAN FOR FISCAL      | ) | Introduced by Martha Bennett, Chief    |
| YEARS 2016-17 THROUGH 2020-21, APPROVING | ) | Operating Officer, in concurrence with |
| THE METROPOLITAN TOURISM OPPORTUNITY     | ) | Council President Tom Hughes           |
| COMPETITIVENESS ACCOUNT PROJECTS AND     | ) |  |
| RE-ADOPTING METRO'S FINANCIAL POLICIES   | ) |  |

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 2016-17 through 2020-21 that projects Metro's major capital spending needs over the next five years;

WHEREAS, the Metro Council has reviewed the FY 2016-17 through FY 2020-21 Capital Improvement Plan; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2016-17 budget including the FY 2016-17 through FY 2020-21 Capital Improvement Plan; and

WHEREAS, the Metro Council annually reviews and readopts its Comprehensive Financial Policies including the Capital Asset Management Policies and Debt 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 2016-17 through FY 2020-21 Capital Improvement Plan (CIP), summarized in Exhibit A, is hereby adopted.
2. That the FY 2016-17 capital projects from the FY 2016-17 through FY 2020-21 Capital Improvement Plan be included and appropriated in the FY 2016-17 budget.
3. That the Comprehensive Financial Policies, including the Capital Asset Management Policies, included as Exhibit B to this Resolution, are re-adopted and will be published in the FY 2016-17 budget.
4. That MTOCA funding for the Oregon Convention Center and the Expo Center for FY 2016-17 is approved.

ADOPTED by the Metro Council this 23rd day of June, 2016.

*Tom Hughes*  
 \_\_\_\_\_  
 Tom Hughes, Metro Council President



Approved as to Form:

*[Signature]*  
 \_\_\_\_\_  
 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.

# Organizational summary

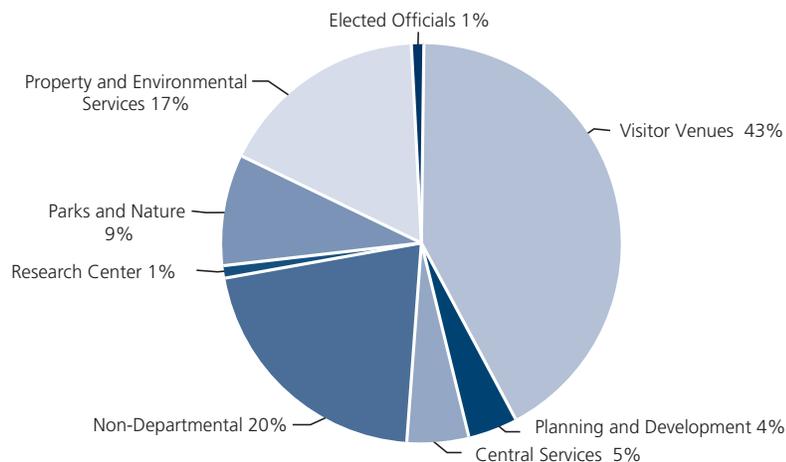
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## Organizational summary

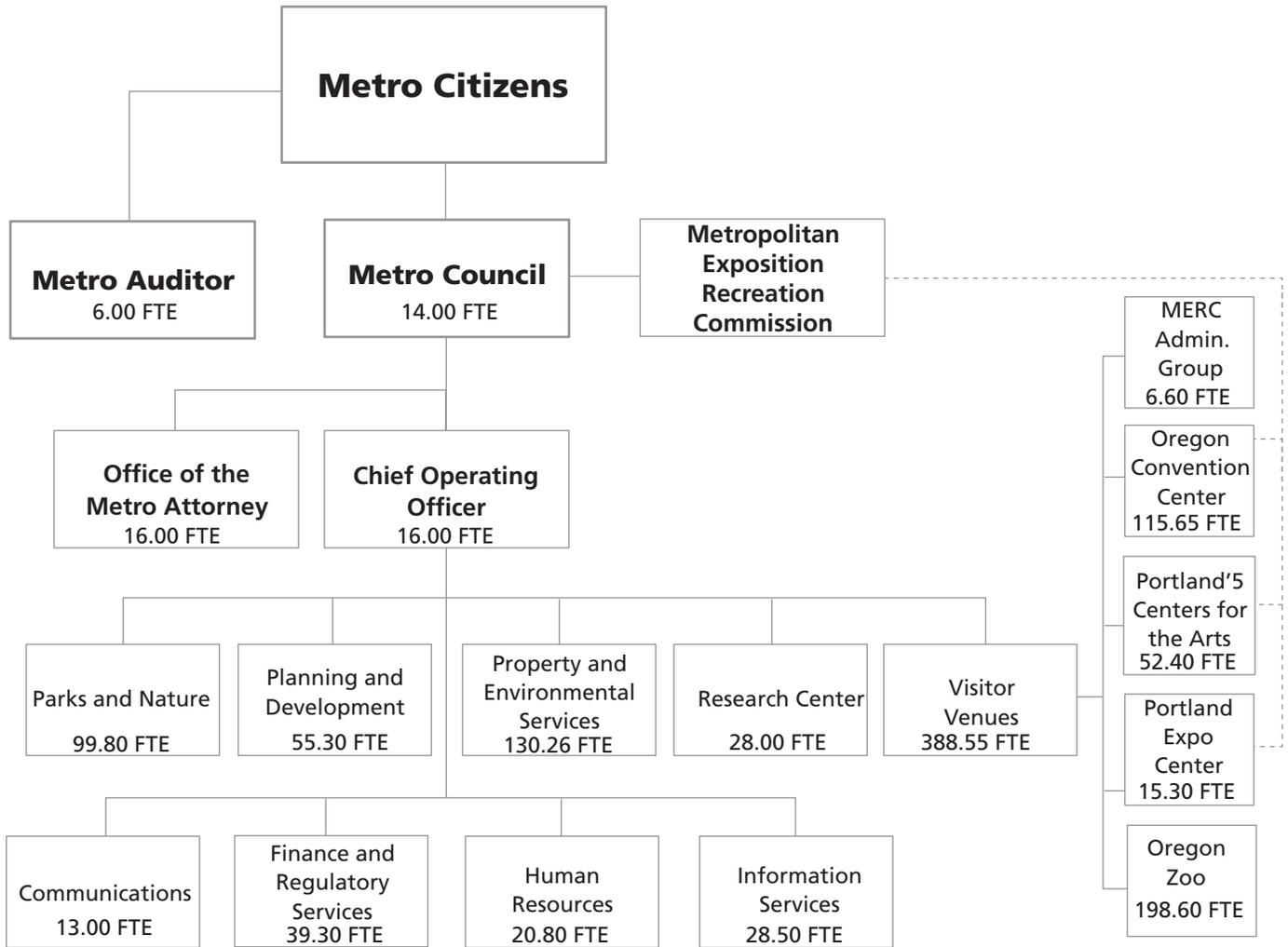
|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 77,453,540            | 83,944,515            | 95,853,702            | 99,260,637             | 99,260,637             | 98,263,030            | 2.51%                                  |
| Materials and Services                             | 103,802,766           | 113,004,845           | 209,355,266           | 204,720,197            | 204,720,197            | 206,337,585           | (1.44%)                                |
| Capital Outlay                                     | 40,159,489            | 46,502,991            | 63,840,223            | 39,781,631             | 39,781,631             | 49,142,148            | (23.02%)                               |
| Debt Service                                       | 40,937,067            | 106,539,386           | 37,214,051            | 38,474,577             | 38,474,577             | 38,474,577            | 3.39%                                  |
| Internal Service Transfers                         | 3,507,438             | 2,059,900             | 6,162,419             | 7,274,733              | 7,274,733              | 7,134,046             | 15.77%                                 |
| Interfund Reimbursements                           | 12,398,211            | 14,113,695            | 15,935,080            | 16,556,552             | 16,556,552             | 16,556,552            | 3.90%                                  |
| Fund Equity Transfers                              | 17,125,884            | 20,545,926            | 26,838,473            | 24,022,943             | 24,022,943             | 24,823,893            | (7.51%)                                |
| Interfund Loans                                    | 2,361,980             | 1,731,150             | 1,933,577             | 2,666,067              | 2,666,067              | 2,666,067             | 37.88%                                 |
| <b>TOTAL</b>                                       | <b>\$297,746,376</b>  | <b>\$388,442,408</b>  | <b>\$457,132,791</b>  | <b>\$432,757,337</b>   | <b>\$432,757,337</b>   | <b>\$443,397,898</b>  | <b>(3.00%)</b>                         |
| <b>BUDGET BY ORGANIZATION</b>                      |                       |                       |                       |                        |                        |                       |  |
| Communications                                     | 2,559,293             | 2,983,773             | 3,144,618             | 1,788,807              | 1,788,807              | 1,846,982             | (41.27%)                               |
| Council  | 3,452,019             | 3,983,295             | 4,913,840             | 4,744,184              | 4,744,184              | 4,792,334             | (2.47%)                                |
| Finance and Regulatory Services                    | 6,757,068             | 6,226,868             | 8,005,485             | 7,879,254              | 7,879,254              | 7,533,648             | (5.89%)                                |
| Human Resources                                    | 2,204,921             | 2,508,627             | 2,731,331             | 2,867,996              | 2,867,996              | 2,944,021             | 7.79%                                  |
| Information Services                               | 4,153,816             | 4,442,390             | 5,813,569             | 6,310,430              | 6,310,430              | 6,428,930             | 10.58%                                 |
| Non-Departmental                                   | 77,449,773            | 146,141,364           | 88,611,118            | 89,235,075             | 89,235,075             | 89,745,338            | 1.28%                                  |
| Office of Metro Attorney                           | 1,908,695             | 2,194,412             | 2,391,040             | 2,481,153              | 2,481,153              | 2,458,903             | 2.84%                                  |
| Office of the Auditor                              | 666,447               | 559,331               | 771,000               | 709,532                | 709,532                | 701,182               | (9.06%)                                |
| Parks and Nature                                   | 29,838,398            | 34,104,657            | 53,724,425            | 39,018,635             | 39,018,635             | 41,787,046            | (22.22%)                               |
| Planning and Development Department                | 8,074,889             | 10,499,206            | 18,187,149            | 15,505,902             | 15,505,902             | 15,748,320            | (13.41%)                               |
| Property and Environmental Services                | 52,520,005            | 57,864,196            | 68,006,683            | 73,472,773             | 73,472,773             | 74,762,248            | 9.93%                                  |
| Research Center                                    | 3,180,306             | 4,178,091             | 4,633,285             | 4,433,288              | 4,433,288              | 4,556,613             | (1.65%)                                |
| Visitor Venues - Expo Center                       | 6,778,015             | 6,277,926             | 7,462,248             | 7,171,176              | 7,171,176              | 8,189,766             | 9.75%                                  |
| Visitor Venues - MERC Administration               | 1,255,803             | 1,125,051             | 1,310,546             | 1,669,580              | 1,669,580              | 1,655,330             | 26.31%                                 |
| Visitor Venues - Oregon Convention Center          | 30,169,359            | 30,846,579            | 110,321,699           | 111,483,705            | 111,483,705            | 114,280,206           | 3.59%                                  |
| Visitor Venues - Oregon Zoo                        | 55,873,416            | 60,868,479            | 60,841,749            | 46,327,018             | 46,327,018             | 46,304,242            | (23.89%)                               |
| Visitor Venues - Portland'5 Centers for the Arts   | 10,904,152            | 13,638,163            | 16,263,006            | 17,658,829             | 17,658,829             | 19,662,789            | 20.91%                                 |
| <b>TOTAL</b>                                       | <b>\$297,746,376</b>  | <b>\$388,442,408</b>  | <b>\$457,132,791</b>  | <b>\$432,757,337</b>   | <b>\$432,757,337</b>   | <b>\$443,397,898</b>  | <b>(3.00%)</b>                         |
| Contingency  | -                     | -                     | 62,887,023            | 92,880,888             | 92,880,888             | 96,962,105            | 54.18%                                 |
| Unappropriated Fund Balance                        | 244,425,650           | 227,677,373           | 93,116,894            | 94,556,131             | 94,556,131             | 95,743,931            | 2.82%                                  |
| <b>TOTAL BUDGET</b>                                | <b>\$542,172,026</b>  | <b>\$616,119,781</b>  | <b>\$613,136,708</b>  | <b>\$620,194,356</b>   | <b>\$620,194,356</b>   | <b>\$636,103,934</b>  | <b>3.75%</b>                           |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>765.79</b>         | <b>811.80</b>         | <b>844.05</b>         | <b>852.51</b>          | <b>852.51</b>          | <b>855.51</b>         | <b>1.36%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>11.46</b>                           |

## Organizational summary



Total expenditures: \$443,397,898

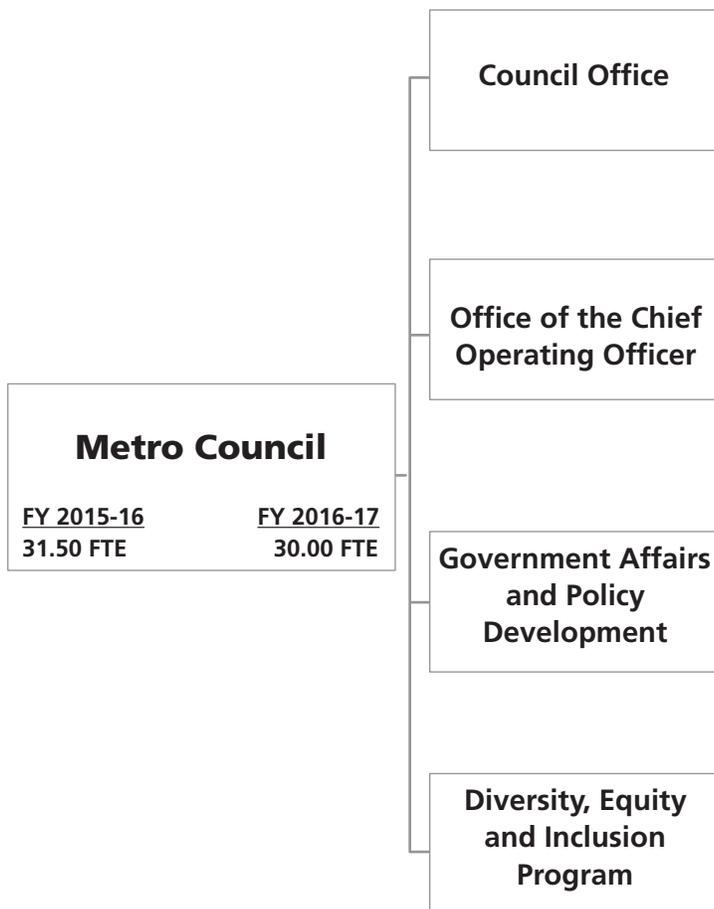
# Organizational Chart



FY 2015-16 Total FTE – 844.05

FY 2016-17 Total FTE – 855.51





## Summary of Metro Council

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 2,929,990             | 3,313,434             | 3,924,529             | 3,959,616              | 3,959,616              | 3,917,766             | (0.17%)                                |
| Materials and Services                             | 522,029               | 669,861               | 989,311               | 784,568                | 784,568                | 874,568               | (11.60%)                               |
| Capital Outlay                                     | -                     | -                     | -                     | -                      | -                      | -                     |  |
| <b>TOTAL</b>                                       | <b>\$3,452,019</b>    | <b>\$3,983,295</b>    | <b>\$4,913,840</b>    | <b>\$4,744,184</b>     | <b>\$4,744,184</b>     | <b>\$4,792,334</b>    | <b>(2.47%)</b>                         |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 3,452,019             | 3,983,295             | 4,913,840             | 4,744,184              | 4,744,184              | 4,792,334             | (2.47%)                                |
| <b>TOTAL</b>                                       | <b>\$3,452,019</b>    | <b>\$3,983,295</b>    | <b>\$4,913,840</b>    | <b>\$4,744,184</b>     | <b>\$4,744,184</b>     | <b>\$4,792,334</b>    | <b>(2.47%)</b>                         |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>26.69</b>          | <b>30.00</b>          | <b>31.50</b>          | <b>30.00</b>           | <b>30.00</b>           | <b>30.00</b>          | <b>(4.76%)</b>                         |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>(1.50)</b>                          |

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. Two internship programs provide learning and mentoring opportunities, as well as supporting the councilors and professional staff with research, analysis and operational support, and forwarding Metro’s diversity goals.

**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, collaborative partnerships, strategic analysis and intergovernmental relations, as well as advises the Council on emerging policies and initiatives.

**Diversity, Equity and Inclusion Program** – Metro’s Diversity, Equity and Inclusion (DEI) program coordinates and leads efforts to cultivate diversity, advance equity and practice inclusion across the agency. The DEI team aligns ongoing work in the Diversity Action Plan, Equity Strategy, and inclusive public engagement practices to achieve equitable outcomes and strengthen relationships with diverse communities.

## SIGNIFICANT CHANGES FOR THE BUDGET

- Elimination of a half time Program Analyst (0.5) in the Equity program.
- Transferred one Program Analyst IV FTE (1.0) to Parks and Nature.

## PERFORMANCE MEASURES

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 81%   | 82.5% | 84%   | 85%   | 86%   | 86%   | 86%   |

Timeliness and quality of service from Council Office and Office of the COO through staff questionnaire (including access to councilors, COO and DCOO, diversity program manager, legislative process and public meetings)

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 65%   | 69%   | 71%   | 74%   | 77%   | 79%   | 81%   |

Metro is taking sufficient action to address and manage diversity according to two separate surveys.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 49%   | 49%   | 53%   | 55%   | 57%   | 58%   | 59%   |

## **PROGRESS ON FY 2015-16 KEY OBJECTIVES**

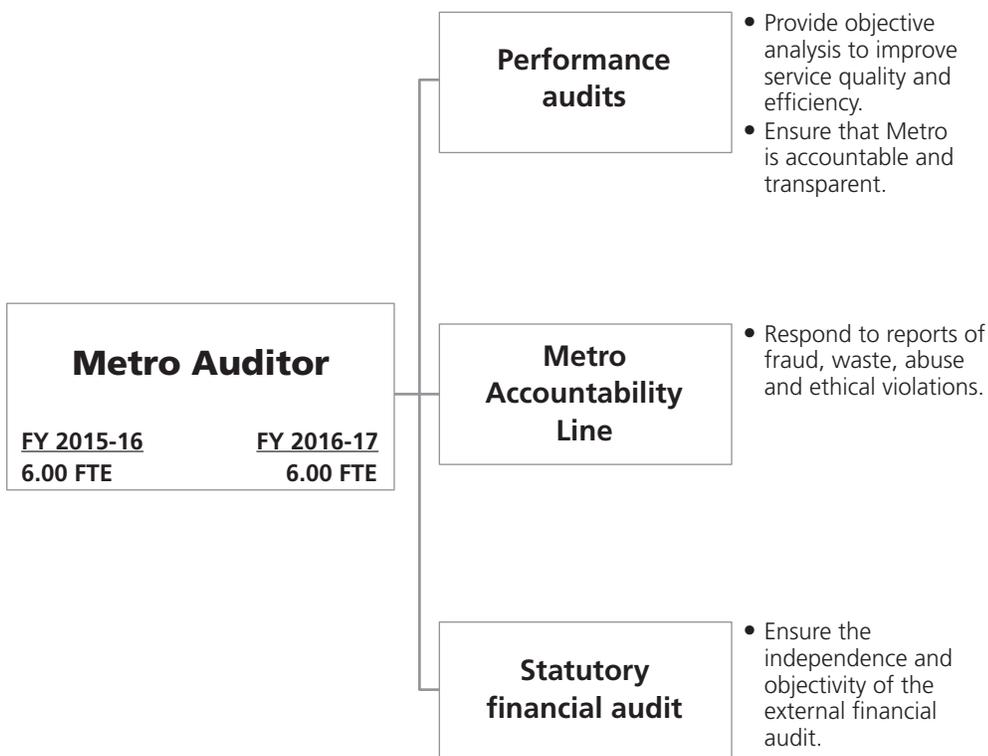
- Worked with partners from the Willamette Falls Legacy Project to secure \$7.5 million from the state legislature for construction of the riverwalk.
- Settled ongoing litigation with the proposed Convention Center Hotel's opposition, allowing the project to move forward into development and construction phases.
- Developed and executed the 2016 legislative agenda including successful passage of legislation allowing incentives for brownfield cleanup, and defeating legislation that would have undermined regional growth management process.
- Continued to partner with other organizations to address transportation funding at the federal, state, regional and local levels.
- Deployed an electronic legislative system for the Metro Council to improve accessibility and transparency.
- Deployed an agency-wide process for non-profit organizations to apply for Metro sponsorships.
- Provided strategic assistance with the Natural Areas System Plan.
- Developed and adopted a Strategic Plan to Advance Racial Equity, Diversity and Inclusion.
- Implemented "unconscious bias" diversity training for all Metro employees, continuing to build cultural awareness and competence among staff.
- Coordinated community engagement and relationship-building with community groups through contracts, sponsorships and grants across departments and programs.
- Provided language training for Metro frontline staff and guidance on language translation through Metro's Language Resource Guide.

## **KEY OBJECTIVES FOR FY 2016-17**

- Participate effectively as a member of the Region 1 Area Commission on Transportation (ACT).
- Provide strategic assistance to implement the Natural Areas System Plan.
- Continue to strategically advance policies, partnerships and initiatives on the local, state, regional and federal levels.
- Develop and execute 2017 legislative strategy and agenda, including brownfields coalition work and transportation funding.
- Educate key legislators on Metro's equitable equitable housing program, with the goal of developing potential 2017 legislation to provide authority needed to carry out that program on a regional level.
- Continuing partnering with other organizations to address transportation funding at the federal, state, regional and local levels.
- Provide strategic support to Metro's departments and regional partners associated with securing funding for project implementation.
- Assist in convening an urban growth management task force process to suggest possible improvements to the region's process for managing residential urban growth.
- Assist in efforts to finalize designation of urban and rural reserves.
- Assist with solid waste roadmap decision milestones.
- Assist the Oregon Convention Center team to complete the development/construction phase of the Convention Center hotel.

- Advance Joint Policy Advisory Committee on Transportation (JPACT) regional finance discussion.
- Implement the Strategic Plan to Advance Racial Equity, Diversity and Inclusion, including developing an evaluation framework and establishing implementation teams.
- Play a leading and convening role to share information and coordinate diversity, equity and inclusion work across jurisdictions and organizations.
- Further support systems to meaningfully engage communities of color in Metro decisions and programs.
- Increase recruitment, hiring, retention and advancement of diverse employees.
- Increase internal understanding, awareness and sensitivity to equity and diversity issues including understanding of unconscious bias in the workplace and training on using a racial equity decision-making tool.





## Summary of Metro Auditor

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 628,970               | 528,838               | 733,338               | 671,870                | 671,870                | 663,520               | (9.52%)                                |
| Materials and Services                             | 37,477                | 30,493                | 37,662                | 37,662                 | 37,662                 | 37,662                | 0.00%                                  |
| <b>TOTAL</b>                                       | <b>\$666,447</b>      | <b>\$559,331</b>      | <b>\$771,000</b>      | <b>\$709,532</b>       | <b>\$709,532</b>       | <b>\$701,182</b>      | <b>(9.06%)</b>                         |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 666,447               | 559,331               | 771,000               | 709,532                | 709,532                | 701,182               | (9.06%)                                |
| <b>TOTAL</b>                                       | <b>\$666,447</b>      | <b>\$559,331</b>      | <b>\$771,000</b>      | <b>\$709,532</b>       | <b>\$709,532</b>       | <b>\$701,182</b>      | <b>(9.06%)</b>                         |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>6.00</b>           | <b>6.00</b>           | <b>6.00</b>           | <b>6.00</b>            | <b>6.00</b>            | <b>6.00</b>           | <b>0.00%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>0.00</b>                            |

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 Accountability 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.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 44%   | 45%   | 75%   | 75%   | 75%   | 75%   | 75%   |

Average hours per audit completed.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 725   | 430   | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |

Reports issued per FTE.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 1.8   | 2.6   | 1.5   | 1.5   | 1.5   | 1.5   | 1.5   |

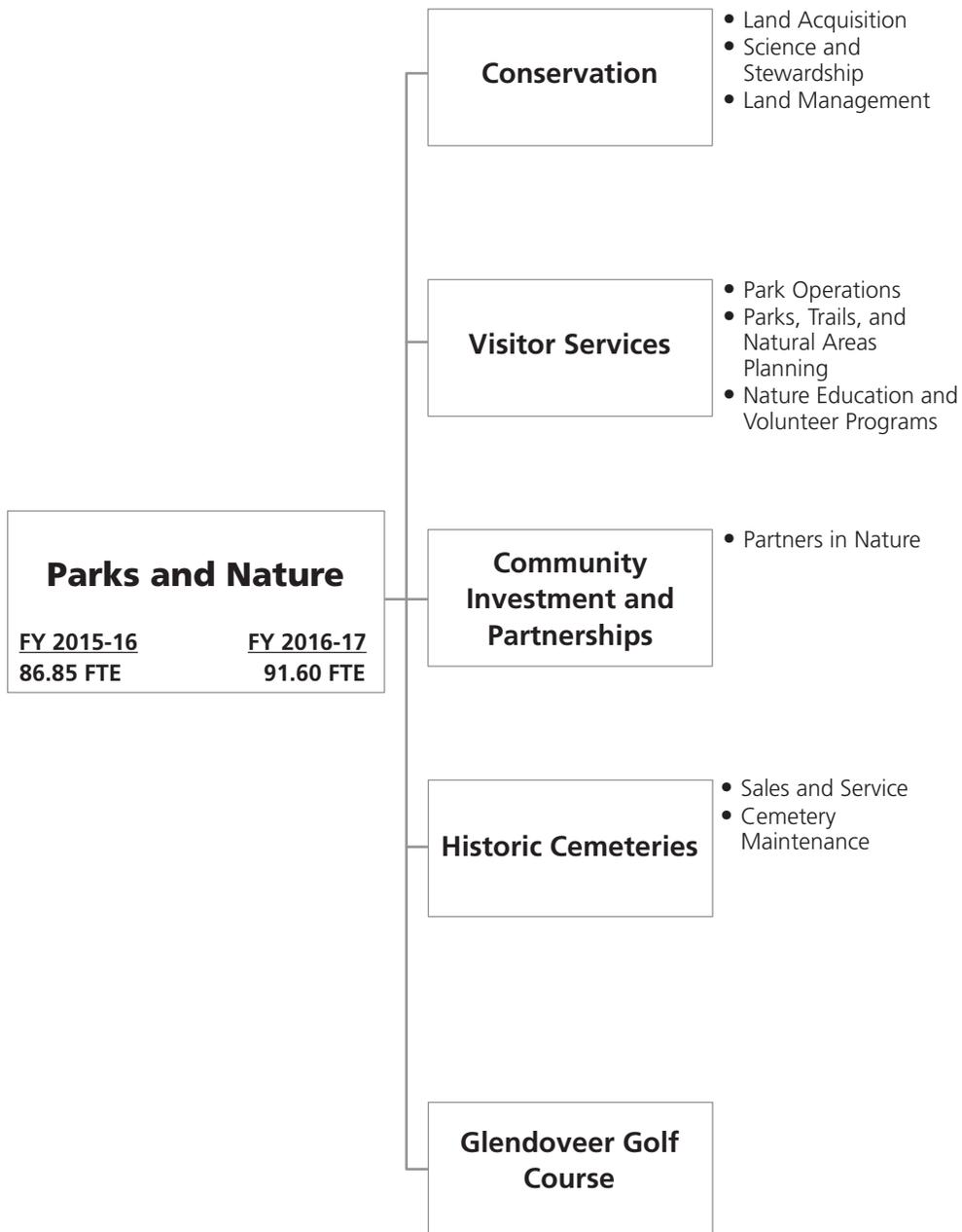
## **PROGRESS ON FY 2015-16 KEY OBJECTIVES**

- The Office of the Metro Auditor successfully completed a peer review as required by Government Auditing Standards. Peer reviewers from the Association of Local Government Auditors were on-site the week of December 7-11. They found that the office's internal quality control system was suitably designed and operated effectively to provide reasonable assurance of compliance with standards.

## **KEY OBJECTIVES FOR FY 2016-17**

- Increase output of follow-up audits to provide timely information about the status of audit recommendations.
- Continue to seek opportunities to balance audit coverage among Metro departments and venues.
- Improve the response rate to post-audit surveys to get more feedback about audit processes and reports.

# Parks and Nature



## Summary of Parks and Nature

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 7,507,965             | 8,852,249             | 10,422,403            | 11,358,569             | 11,358,569             | 11,218,544            | 7.64%                                  |
| Materials and Services                             | 11,854,571            | 12,629,151            | 18,145,086            | 13,223,996             | 13,223,996             | 14,027,243            | (22.69%)                               |
| Capital Outlay                                     | 10,475,861            | 12,623,257            | 25,156,936            | 14,436,070             | 14,436,070             | 16,541,259            | (34.25%)                               |
| <b>TOTAL</b>                                       | <b>\$29,838,398</b>   | <b>\$34,104,657</b>   | <b>\$53,724,425</b>   | <b>\$39,018,635</b>    | <b>\$39,018,635</b>    | <b>\$41,787,046</b>   | <b>(22.22%)</b>                        |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 9,532,334             | 9,098,203             | 10,112,532            | 11,219,838             | 11,219,838             | 11,382,148            | 12.55%                                 |
| General Asset Management Fund                      | 1,475,610             | 1,553,853             | 1,722,014             | 3,102,636              | 3,102,636              | 3,710,550             | 115.48%                                |
| Natural Areas Fund                                 | 14,509,489            | 12,208,716            | 29,232,669            | 15,442,631             | 15,442,631             | 16,913,806            | (42.14%)                               |
| Open Spaces Fund                                   | 151,484               | 17,171                | 391,986               | 759,486                | 759,486                | 759,486               | 93.75%                                 |
| Parks and Natural Areas Local Option Levy Fund     | 4,107,703             | 11,076,968            | 11,965,224            | 8,044,044              | 8,044,044              | 8,531,056             | (28.70%)                               |
| Smith and Bybee Wetlands Fund                      | 61,777                | 149,746               | 300,000               | 450,000                | 450,000                | 490,000               | 63.33%                                 |
| Solid Waste Fund                                   | -                     | -                     | -                     | -                      | -                      | -                     | -                                      |
| <b>TOTAL</b>                                       | <b>\$29,838,398</b>   | <b>\$34,104,657</b>   | <b>\$53,724,425</b>   | <b>\$39,018,635</b>    | <b>\$39,018,635</b>    | <b>\$41,787,046</b>   | <b>(22.22%)</b>                        |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>85.65</b>          | <b>86.85</b>          | <b>92.10</b>          | <b>99.80</b>           | <b>99.80</b>           | <b>99.80</b>          | <b>8.36%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>7.70</b>                            |

Parks and Nature's mission is to protect water quality, fish and wildlife habitat, and create opportunities to enjoy nature close to home through a connected system of parks, trails and natural areas. With 17,000 acres, the department manages parks and natural areas across every community in the region – from Chehalem Ridge on the west to the Sandy River Gorge on the east, from Blue Lake and Broughton Beach on the north to Graham Oaks on the south. Our flourishing network of parks, trails, natural areas, nature programs and cemeteries supports the Metro's broader mission: making a great place.

### MAJOR PROGRAMS

Fulfilling Metro's Parks and Nature mission requires contributions across nine major program areas, drawing on specialized professional backgrounds such as natural resource science, real estate acquisition and grant-making. Parks and Nature leaders are committed to integrating priorities across each work team, ensuring that the whole is more than the sum of its parts.

#### Conservation:

**Land Acquisition** – Metro's Parks and Nature work begins with the land that voters have protected for its water quality, wildlife habitat, and recreation potential. The land acquisition team purchases property from willing sellers at fair market value, within target areas specified by the 2006 bond measure.

**Science and Stewardship** – For Metro, buying a new natural area isn't an ending; it's an opportunity to begin the complex process of protecting and restoring some of Western Oregon's most important natural treasures. The science and stewardship team takes short-term actions and develops long-term plans for each site, preserving the best remaining habitat – and, in many cases, helping native plants and animals make a comeback.

**Land Management** – Metro cares for voter-protected land by treating weeds, carrying out restoration plans and helping ensure each site is safe and secure. The land management team plays an important role in building relationships with neighbors at sites with limited or light public access.

#### Visitor Services:

**Parks Operations** – Metro's park operations team welcomes 1.3 million people per year to public destinations within the Parks and Nature portfolio. Duties range from greeting visitors to watering plants, from evaluating customer service to replacing aging facilities. All park operations work supports a common goal: providing fun, safe and interesting places to connect with nature.

**Parks, Trails, and Natural Areas Planning** – As more voter-protected land opens to the public, the Parks and Nature planning team collaborates with communities to plan high-quality destinations. Visitor improvements are designed to protect water quality and wildlife habitat while creating opportunities for people to enjoy nature in areas where it makes sense.

**Nature Education and Volunteer Programs** – Metro invites Oregonians to learn about nature and give back to their community through nature programming. Nature education highlights include field trips for schools and groups, a year-long immersion series and the Youth Ecology Corps job-training program. The volunteer team offers opportunities for people to enhance Metro's parks, natural areas, and cemeteries

### **Community Investments and Partnerships:**

Supporting local communities is a core role for Metro Parks and Nature. “Local share” from the 2006 bond measure allows cities, counties, and park providers to invest in nature close to home, such as purchasing natural areas or improving parks. Nature in Neighborhoods grants in several categories – capital, restoration, conservation education, and trails – reward innovative ways to nurture nature in an urban region. And the new Partners in Nature program collaborates with community-based organizations to tailor nature programming at Metro’s parks and natural areas together with the populations they serve.

### **Historic Cemeteries:**

At the intersection of the past and present, Metro manages 14 historic cemeteries across Multnomah County. The cemeteries team sells available spaces for burial and cremation, cares for the properties, and builds relationships with surrounding communities. Metro’s cemeteries function both as burial grounds and as park-like spaces to walk and connect with nature.

### **Glendoveer Golf Course**

Glendoveer Golf Course provides challenging play for every level, with two 18-hole golf courses operated by a contractor. This recreation destination, located in an underserved area of outer Northeast Portland, also features footgolf, tennis courts and a restaurant. Along the perimeter, a two-mile fitness trail draws joggers and walkers to the natural setting.

## **BUDGET ENVIRONMENT**

Natural area land acquisition is supported entirely by the voter-approved 2006 Natural Areas bond measure. These general obligation bonds, which are restricted to capital expenditures as described in the authorizing resolution, also support important capital investments in Metro’s parks, natural areas, habitat restoration, and regional trails identified by the Metro Council by resolution in 2014.

A voter-approved local option levy, along with Metro’s general fund, support Parks and Nature operations and maintenance. Now in the third full year of implementation, this five-year levy is set to expire June 30, 2018. Long-term stewardship of lands acquired under the bond program must be funded from non-bond fund sources.

Commitment to diversity, equity, and inclusion is woven through all Parks and Nature investments and programs. The System Plan lays out a number of critical strategies to advance Metro’s goals in this area including ensuring that programs and facilities meet the needs of underserved communities and diversifying the businesses and people that do contracted work for Parks and Nature. This budget supports implementation of the System Plan and includes continued investment in staff training and development to achieve these goals. Funding for programs like Partners in Nature and Access to Nature continues in this budget. These programs are specifically designed to connect communities of color to Metro’s parks, trails, and natural areas, and improve Metro’s park design to make our natural areas more welcoming to diverse communities. One item included in the Parks and Nature modification work supports these efforts in one area by extending the limited duration term of the Intertribal Cultural Resource Specialist.

## SIGNIFICANT CHANGES IN THE BUDGET

- A net effect increase of 2.7 FTE due to departmental organizational changes effective on July 1, 2015. These changes affected the funding allocation of several positions due to the shifting of staff and responsibilities between organizational areas. In order to reflect these changes in the FY 2016-17 Budget, several positions have been reallocated among the departments and funding sources affected by the reorganization.
- A net effect increase of 3.0 FTE Public Affairs Specialists due to the direct communications services support which is no longer an internal transfer to Communications in the General Fund.
- Extended 1.0 FTE limited duration Intertribal Cultural Resource Specialist position to June 30, 2017, to continue work for identifying, cataloguing, and assessing Native American cultural resources on Metro managed properties.
- Transferred a 1.0 FTE Program Analyst IV position from the Metro Council Government Affairs and Policy Development Program to the Parks, Trails, and Natural Areas Planning Program to manage the Willamette Falls Legacy Project.
- Added a 0.5 FTE limited duration Senior Public Affairs and 1.0 FTE Administrative Specialist to work on Willamette Falls Project Communications.
- The FY 2016-17 budget aligns with the Metro Parks and Nature System Plan.

## PERFORMANCE MEASURES

Acres of land acquired for protection each year.

| <b>13/14</b> | <b>14/15</b> | <b>15/16</b> | <b>16/17</b> | <b>17/18</b> | <b>18/19</b> | <b>19/20</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>425</b>   | <b>361</b>   | 300          | 250          | 250          | 250          | 250          |

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

| <b>13/14</b> | <b>14/15</b> | <b>15/16</b> | <b>16/17</b> | <b>17/18</b> | <b>18/19</b> | <b>19/20</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>66.5%</b> | <b>69.2%</b> | 65%          | 64.5%        | 64%          | 63.5%        | 63%          |

Number of hours volunteered at Metro natural areas.

| <b>13/14</b>  | <b>14/15</b>  | <b>15/16</b> | <b>16/17</b> | <b>17/18</b> | <b>18/19</b> | <b>19/20</b> |
|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| <b>11,451</b> | <b>16,710</b> | 17,000       | 17,500       | 18,000       | 18,500       | 19,000       |

## PROGRESS ON FY 2015-16 KEY OBJECTIVES

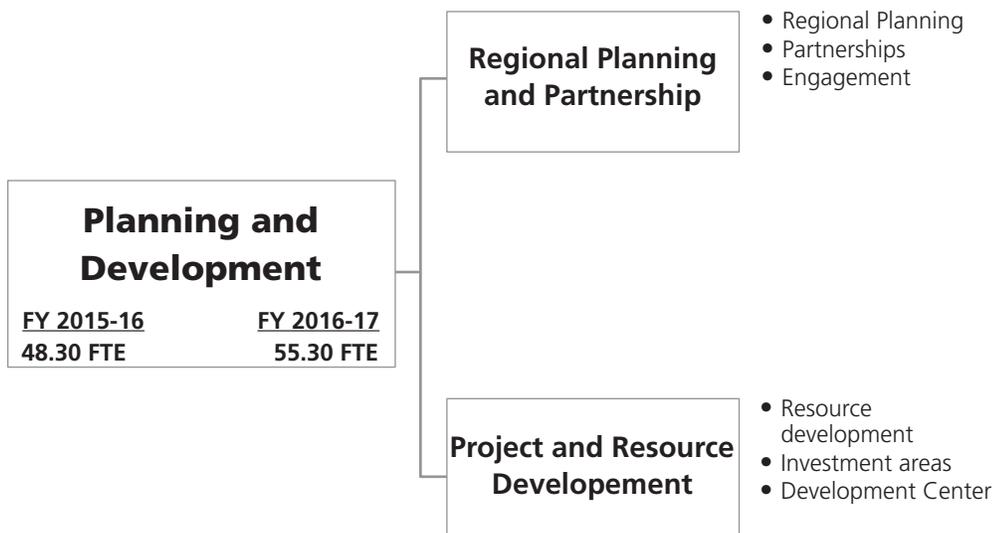
- Progress has been made in all program areas identified for levy funding. Work continued or expanded, and new projects began, on restoration and long-term management efforts at high priority sites. The department increased maintenance, new restoration projects, and scoping and planning access to nature projects. Additionally, Parks and Nature programming for communities of color and youth from low-income families continues to improve and attract new participants.
- A Parks and Nature System Plan was completed ahead of schedule by the Metro Council with strong and visible support from local government, nonprofit, and community based organizations that partner with Metro.
- Reflecting the new department structure, an annual report with performance measures to track progress in all areas of the Parks and Nature department was developed and delivered to the Metro Council and to the public.
- Nature in Neighborhood grants funded by the Parks and Natural Areas Local Option Levy were awarded on schedule, helping to increase the capacity of Metro's partners in restoration, community stewardship, and conservation education programs. The first Metro Nature in Neighborhood grants that specifically support implementation of the Regional Trails Plan were awarded in spring 2016.

- The Metro Council and affected stakeholders made progress to identify and implement options for ongoing funding to support Metro Parks and Nature beyond the current five-year local option levy.
- Natural area acquisition increased in this fiscal year, as the work plan changes approved by the Metro Council in 2014 began to have an impact. Local governments continued to make steady progress completing their remaining “local share” projects funded by the bond measure and a final round of Nature in Neighborhoods Capital Grants will be considered by the Metro Council in next fiscal year.
- Metro continued to collaborate with the Willamette Falls Legacy Project’s public partners (Oregon City, Clackamas County, and the State of Oregon) and the site owner, Falls Legacy LLC, to ready the site for private investors. A design team was chosen and planning begun for the Riverwalk, a scenic walkway accessible to the public with views of the falls.

#### **KEY OBJECTIVES FOR FY 2016-17**

- Continue implementation of the Parks and Natural Areas Local Option Levy, including increased park maintenance and park improvements projects, habitat restoration, planning and constructing access to nature projects, and increasing programming to underserved communities.
- Make progress on natural area land acquisitions, capital construction, and local share projects as promised by the 2006 Natural Areas Bond measure.
- Award the final rounds of Nature in Neighborhood grants funded by the Parks and Natural Areas Local Option Levy and Natural Areas bond measure to increase the capacity of Metro’s partners in restoration, community stewardship, and conservation education programs.
- Work with the Metro Council and affected stakeholders to identify and secure ongoing funding for Metro’s Parks and Nature System Plan including supporting Metro’s regional role in conservation and nature education, connecting low-income, and communities of color to nature.

# Planning and Development



## Summary of Planning and Development

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 5,211,535             | 5,105,203             | 6,194,579             | 7,078,902              | 7,078,902              | 7,154,820             | 15.50%                                 |
| Materials and Services                             | 2,863,354             | 5,394,003             | 11,992,570            | 8,427,000              | 8,427,000              | 8,593,500             | (28.34%)                               |
| <b>TOTAL</b>                                       | <b>\$8,074,889</b>    | <b>\$10,499,206</b>   | <b>\$18,187,149</b>   | <b>\$15,505,902</b>    | <b>\$15,505,902</b>    | <b>\$15,748,320</b>   | <b>(13.41%)</b>                        |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 8,074,889             | 10,499,206            | 18,187,149            | 15,505,902             | 15,505,902             | 15,748,320            | (13.41%)                               |
| <b>TOTAL</b>                                       | <b>\$8,074,889</b>    | <b>\$10,499,206</b>   | <b>\$18,187,149</b>   | <b>\$15,505,902</b>    | <b>\$15,505,902</b>    | <b>\$15,748,320</b>   | <b>(13.41%)</b>                        |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>45.40</b>          | <b>47.15</b>          | <b>48.30</b>          | <b>55.30</b>           | <b>55.30</b>           | <b>55.30</b>          | <b>14.49%</b>                          |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>7.00</b>                            |

Planning and Development collaborates with public and private sector partners to build communities consistent with the Region 2040 Growth Concept and local goals.

## MAJOR PROGRAMS

**Regional Planning** provides a broad scope of planning services that assure Metro's compliance with federal and state land use and transportation planning requirements and that support other efforts in Planning and Development. The program is responsible for periodic reviews of the Urban Growth Boundary and the Regional Transportation Plan (RTP), as well as special projects that fall within the long-range planning role, such as the recently adopted Climate Smart Strategy and the Active Transportation Plan.

As the region's designated Metropolitan Planning Organization (MPO), Metro is responsible for a wide variety of MPO planning and function activities. The Regional Planning program takes the lead on most planning requirements required for MPOs, including updates to the RTP, development and adoption of an annual Unified Planning Work Program (UPWP), continued federal certification of our planning process and other related planning activities. The Regional Planning program is also responsible for ongoing engagement with statewide planning activities, including periodic involvement in rulemaking and other state planning efforts.

The **Resource Development** section manages grant funding to public agencies and community based organizations to implement Metro's desired outcomes for the region. This includes four funding programs: the regional flexible fund allocation, the transportation system management and operations project allocation, the regional travel options allocation, and the community development and planning grants. The program also administers the region's transportation financial program (a.k.a. the Metropolitan Transportation Improvement Program or MTIP) to balance federal transportation revenues with project costs and ensure projects are approved and remain eligible for funds as they progress through design and construction. Finally, the program provides transportation demand and system management programs for the region to help maximize the benefits and efficiency of the existing transportation network.

The **Investment Areas** section allows Metro to efficiently and strategically integrate efforts focused on equitably improving transportation and transit with opportunities to create and leverage community development and private investment in communities throughout the region. The Investment Areas group includes staff that focus on transit corridor planning as well as land use implementation such as industrial land, brownfields and economic development.

The **Development Center** implements the region's visions for downtowns, main streets, and station areas by stimulating private investments in compact development, equitable housing, and Enterprising Places.

## BUDGET ENVIRONMENT

The department has historically relied on three key funding sources to support three key business lines.

**Metropolitan Planning Organization:** Provides federally mandated regional transportation planning functions including Regional Transportation Plan, Metropolitan Transportation Improvement Program, Air Quality Conformity, Title VI, and local Transportation System Plan compliance activities. These activities are largely funded with PL/STP/5303 funds from U.S. Department of Transportation.

**Urban Growth Management:** Provides state mandated land use planning functions including Urban Growth Report, Urban Growth Boundary, Urban and Rural Reserves, Land Readiness, local land use Comprehensive Plan compliance and Department of Land Conservation and Development interface. These activities are largely funded by the Metro General Fund.

**Regional Projects and Programs:** Manages programs that invest in public and private partners to deliver Regional Travel Options, System Management, Transit Oriented Development, Equitable Housing, Enterprising Places and Community Planning and Development Grants. It manages regional high capacity transit project development process for Federal New Starts and Small Starts capital funding. These activities are funded with competitive dollars allocated through federal and regional processes as well as intergovernmental agreements with other local, regional and state agencies

While these areas remain fully funded for the FY 2016-17 fiscal year, inflation will eventually spend remaining reserves. New legislation and ultimately new funding sources are needed in the near future to keep the projects and programs operating at current levels. Additional notes on the budget environment moving forward:

- **Five years of Federal certainty.** At this time last year, Congress had not renewed the expired Federal legislation that authorizes the PL/STP/5303 funds and the outlook for stable federal funding was unclear. In 2015, Congress passed the FAST Act which provides a five year authorization for the federal transportation funds and the programs that support them. Where the last Federal authorization, MAP-21, diminished Metro resources, the current Federal bill is largely positive in terms of impacts for Metro, and is consistent with our projections as reflected in the FY 2016-17 budget. While there are no significant new resources available, there are several new competitive grant programs that our region may be well positioned to compete for at a national level.
- **Transit project development funding commitments.** As both the Southwest Corridor and Powell-Division transition into further stages of project development, the funding strategy for these projects relies on financial commitments from other agency partners on whose behalf Metro is leading these planning efforts. Last year, those commitments were not yet secured. The FY 2016-17 budget now reflects signed Intergovernmental Agreements with eight partner agencies around the region, and gives us financial certainty through FY 2018-2019. Additionally, in 2015, Metro and TriMet worked to reallocate project development funds from the former Portland to Lake Oswego streetcar project to support future phases of project development of Powell-Division and Southwest Corridor. Given the traditional uncertainty and volatility of long term transit project development, the current level of commitment marks a more stable financial footing for these planning projects than in recent years.
- **Regional Transportation Funding.** If we are successful, transit project development will lead to construction by TriMet, requiring major capital funds beyond the region's currently defined financial capacity. Southwest Corridor and Powell-Division will likely generate large Federal contributions through the New Starts and Small Starts program, but the local match will require a regional funding strategy involving every level of affected transportation agency, local government, as well as the state legislature and possibly other public sources. Funding for Metro's continued role as these projects move toward construction is dependent on a successful strategy for regional transportation funding. Metro will need to continue to play a leadership role in a regional effort develop a strategy to address and mitigate this risk.

## SIGNIFICANT CHANGES IN THE BUDGET

- Investment Areas: decreased Southwest Corridor materials and services \$1,600,000. These funds are committed by regional partners to support Metro’s work completing work through the federal environmental review process and are held in contingency to more accurately reflect the projected spending rate over time.
- Investment Areas: decreased Powell Division materials and services \$1,050,000. Just as for Southwest Corridor, these funds are committed by regional partners to support Metro’s work completing work through the federal environmental review process and are held in contingency to more accurately reflect the projected spending rate over time.
- Development Center: decreased Transit Oriented Development (TOD) materials and services \$1,000,000. This change is to be more consistent with historical expenditures.
- Development Center: added 0.50 FTE Limited Duration Principal Planner to support Equitable Housing program for two years.

## PERFORMANCE MEASURES

Southwest Corridor Preferred Package – Percentage Completion.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 0%    | 40%   | 80%   | 100%  |       |       |       |

Number of District Revitalization Grants Awarded.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 2     | 4     | 5     | 5     |       |       |       |

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 2     | 2     | 4     | 6     | 6     | 6     | 6     |

## PROGRESS ON FY 2015-16 KEY OBJECTIVES

- **Objective: Support Major Council Policy Decisions:**
  - Urban Growth Boundary. The Council made a growth management decision the fall 2015 that made no changes to the urban growth boundary but set a subsequent review date of 2018 to reevaluate urban growth needs. Work is underway to implement Council direction for activities related to this timeline, including formation of a task force to consider further improvements to the urban growth management process in this region.
  - Regional Flexible Funds Allocation. After a public comment period in February 2016, JPACT and the Metro Council are expected to adopt policy direction for the upcoming MTIP and Regional Flexible Fund Allocation (RFFA) process in April.
  - Regional Transportation Plan Preliminary Scope. The Council and JPACT approved a work program and scope for the 2018 RTP in late 2015, with work on the planning beginning this year.
- **Objective: Initiate New Programs and Projects**
  - Regional Readiness Report: Initiate annual report on performance of 2040 Vision. In fall 2015, the Regional Readiness Report was refined and expanded to reach a broader public audience, blending data and storytelling, and is now called Regional Snapshots. The first snapshot examined housing in the region

and was published online in September. A second snapshot focused on jobs and the economy was published in January and work is underway on a third snapshot focused on transportation that will be part of the 2018 RTP kickoff forum in April. The expanded program will rotate topics on a quarterly basis and includes speakers, panels and field trips.

- **Economic Investment Areas:** Initiate shared investment strategy model linking land use and transportation investments to regional economic development policies. Metro applied for a \$600,000 Brownfields Assessment Grant from EPA that supports a pilot initiative for an economic investment area that leverages regional investment in the Orange MAX line with Community Planning and Development Grants in Milwaukie, Gladstone and Oregon City and includes the Willamette Falls signature site. Additionally, staff developed a work scope to produce an Economic Value Atlas to inform future investments and align with supporting regional economic development goals.
- **Objective: Investment Programs and Projects**
  - **Community Planning and Development Grant:** invest in land and development readiness. Allocated the fourth round of planning grants to reduce barriers to development, which included implementing new administrative rules for the program. Supported and responded to Metro Audit of the grant program.
  - **Enterprising Places:** invest in small business district improvement. Since the program began reviewing applications in January 2015, Enterprising Places has awarded 11 storefront improvement matching grants totaling a \$320,000, three technical assistance grants totaling \$20,700, and two district revitalization grants totaling \$14,880. To date, one storefront project, three technical assistance projects, and one district transformation project have been completed. The program currently has 13 active grant projects in progress, including 10 storefront projects, two technical assistance projects, and one district transformation project.
  - **Equitable Housing Development:** build regional capacity to provide diverse housing choices. The Equitable Housing Initiative convened partners from across the region, developed a framework strategy to increase the supply of equitable housing throughout the region, and held a summit to convene partners to advance equitable housing goals.
  - **Regional Travel Options Program:** invest in community partners who provide diverse transportation choices throughout the region. Continue to manage existing cycle of grants, provide regional leadership and support of marketing/ education efforts, and report on program outcomes.
  - **Transportation System Management and Operations Program:** invest in transportation projects that improve the efficiency and safety of the existing network. Allocated funds and kicked off projects that will better manage traffic on the existing system.
  - **Transit Oriented Development Program:** invest in projects that help create complete station communities and accessible transit options for a wide range of people. The Transit Oriented Development Program opened one project and has six projects under construction. The Program also updated the Work Plan in order to facilitate additional affordable housing development opportunities.
  - **SW Corridor:** adopt preferred package of transportation investments to move into Draft Environmental Impact Statement. In January 2016 the Southwest Corridor steering committee refined Tigard high capacity transit alignment options and identified Bridgeport Village as the southern terminus. Anticipate Southwest Corridor steering committee recommendation on Preferred Package for DEIS in June 2016.

- Powell-Division: begin formal Small Starts process with Federal Transit Administration. Received FTA approval to enter into Project Development for the Powell-Division BRT in October 2015, while continuing to work with project steering committee to define the Locally Preferred Alternative.

## **KEY OBJECTIVES FOR FY 2016-17**

Key activities and areas of focus for the department in FY 2016-17 include

- Support Major Council Policy Decisions:
  - Regional Transportation Plan Update - Phase I.
  - Continue quarterly Regional Snapshot series.
- Initiate New Programs and Projects
  - Economic investment areas: develop Economic Value Atlas to inform regional investments and link with regional economic development policies.
  - SW Corridor: initiate scoping for Draft Environmental Impact Statement with the Federal Transit Administration.
  - Powell Division: finalize Locally Preferred Alternative with steering committee and adopt into Regional Transportation Plan while keeping transit project on schedule.
  - Community Planning and Development Grants: Continue to manage four existing cycles of grants for projects across the region, and prepare for 5th cycle, expected in 2017. Address Metro Audit recommendations.
  - Regional Travel Options Program: Continue to manage existing cycle of grants, provide regional leadership and support of marketing/education efforts, and report on program outcomes. Allocate next round of grants to local partners to advance the Travel Options strategic plan.
  - Transportation System Management and Operations Program: Continue to manage existing cycle of project funding and begin update to program strategic plan in coordination with the RTP update and in preparation for the next cycle of funding allocation.
  - Transit Oriented Development Program: invest in projects that help create complete station communities and accessible transit options for a wide range of people.
  - Equitable Housing Initiative: Launch the Housing Community Planning and Development Grant program; convene partners to explore regional funding options for equitable housing.
  - MTIP/RFFA: Allocate next round of Regional Flexible Funds to transportation projects and programs. Coordinate investments from other transportation funding sources and ensure projects comply with planning and programming regulations maintain funding eligibility.



# Property and Environmental Services



## Summary of Property and Environmental Services

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 10,452,146            | 11,626,713            | 13,840,933            | 15,095,627             | 15,095,627             | 14,913,402            | 7.75%                                  |
| Materials and Services                             | 40,295,251            | 43,785,335            | 48,123,136            | 50,880,927             | 50,880,927             | 50,970,927            | 5.92%                                  |
| Capital Outlay                                     | 477,166               | 1,084,356             | 4,681,896             | 6,112,776              | 6,112,776              | 7,494,476             | 60.07%                                 |
| Debt Service                                       | 1,295,442             | 1,367,793             | 1,360,718             | 1,383,443              | 1,383,443              | 1,383,443             | 1.67%                                  |
| <b>TOTAL</b>                                       | <b>\$52,520,005</b>   | <b>\$57,864,196</b>   | <b>\$68,006,683</b>   | <b>\$73,472,773</b>    | <b>\$73,472,773</b>    | <b>\$74,762,248</b>   | <b>9.93%</b>                           |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 1,810,009             | 2,311,668             | 2,650,239             | 2,650,523              | 2,650,523              | 2,624,973             | -0.95%                                 |
| Community Enhancement Fund                         | 286,783               | 585,335               | 1,375,952             | 1,417,608              | 1,417,608              | 1,417,608             | 3.03%                                  |
| General Asset Management Fund                      | 102,086               | 364,467               | 1,785,358             | 2,740,428              | 2,740,428              | 2,792,128             | 56.39%                                 |
| General Revenue Bond Fund                          | 1,295,442             | 1,367,793             | 1,360,718             | 1,383,443              | 1,383,443              | 1,383,443             | 1.67%                                  |
| Solid Waste Fund                                   | 49,025,686            | 53,234,934            | 60,834,416            | 65,280,771             | 65,280,771             | 66,544,096            | 9.39%                                  |
| <b>TOTAL</b>                                       | <b>\$52,520,005</b>   | <b>\$57,864,196</b>   | <b>\$68,006,683</b>   | <b>\$73,472,773</b>    | <b>\$73,472,773</b>    | <b>\$74,762,248</b>   | <b>9.93%</b>                           |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>92.95</b>          | <b>114.80</b>         | <b>124.55</b>         | <b>130.26</b>          | <b>130.26</b>          | <b>130.26</b>         | <b>4.58%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>5.71</b>                            |

## Property and Environmental Services

Property and Environmental Services (PES) 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 promoting sustainable resource management through waste reduction initiatives, hands-on interpretive programs, youth and adult education, grants, demonstration projects, and volunteer opportunities. Property and Environmental Services is divided into five budgetary programs: Solid Waste Operations, Solid Waste Compliance and Cleanup, Resource Conservation and Recycling, Metro Regional Center Campus Operations, and Construction Project Management Office. The organizational changes made July 1, 2015, continue to improve efficient and effective service delivery, provide clear decision-making authority, and enhance Metro's ability to build upon future opportunities in the solid waste field. Property and Environmental Services has identified engagement strategies such as language and community partnerships for our increasingly diverse region.

### MAJOR PROGRAMS

**Solid Waste Operations** – Solid Waste Operations (SWO) is responsible for the operation of Metro's two transfer stations, two hazardous waste facilities, two closed landfills, and a latex paint recycling plant. These facilities handle almost 40 percent of the solid waste delivered to facilities in the Metro region. Its hazardous waste and transfer facilities are the primary destination for hazardous and solid waste hauled directly by homeowners and small business owners. The majority (about 80 percent) of the more than 400,000 tons of material delivered to these facilities is delivered by commercial solid waste haulers.

PES' facilities are operated by private firms under contract to Metro and fill an essential regional need, serving commercial haulers, contractors, and the general public. Metro staff operate the scalehouses, processing approximately \$50,000,000 in transactions annually. A team of engineers and a maintenance technician provide support to all SWO facilities, ensuring timely capital improvements as well as routine maintenance and repairs. Due to hazards faced by Metro staff and the station operators' employees working in and around solid waste, compliance with health and safety requirements is essential. A separate budget is maintained for mandatory training and personal protective equipment.

SWO also manages operations at the closed St. Johns Landfill (SJL), including environmental monitoring, operation of the landfill gas flaring system, and general site maintenance. In addition to the operating budget, a second budget is maintained for capital projects associated with the closure of SJL. The landfill staff also has operational responsibility for a closed landfill owned by the City of Portland in Northeast Portland.

The hazardous waste and MetroPaint facilities are fully operated by Metro staff or through contracted personnel provided by a Qualified Rehabilitation Facility. In addition, Metro conducts 34 hazardous waste collection events in communities that are remote from the permanent hazardous waste facilities.

**Solid Waste Compliance and Cleanup** – The primary purpose of Solid Waste Compliance and Cleanup (SWCC) is to minimize and mitigate impacts to the public and the environment from the mismanagement of solid waste within the Metro region. SWCC authorizes and inspects privately-owned solid waste facilities to assure that they comply with regulatory, operational, environmental, and financial standards. The program also assures that solid waste goes to appropriately authorized facilities, and that all required regional system fees and excise taxes are paid to Metro. Through its Regional Illegal Dumping Patrol (RID), SWCC cleans up and investigates illegal

dumps. RID also assists local jurisdictions in cleaning up illegal camps, and takes the lead on illegal camp cleanups on Metro properties. In FY 2016-17, SWCC will also take on planning responsibilities for disaster debris management.

**Resource Conservation and Recycling (RCR)** – The RCR budget reflects four major initiatives: (1) Regional Waste Reduction, (2) Internal Sustainability, (3) PES Community Partnerships, and (4) Long-range Solid Waste Planning. Regional Waste Reduction advances 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 in Metro’s own operations. PES Community Partnerships administers Metro’s Community Enhancement Grant program, leads department efforts to establish partnerships with community groups to advance equitable outcomes, and coordinates departmental implementation of Metro’s equity, diversity, and inclusion initiatives. Long-range Solid Waste Planning encompasses Solid Waste Roadmap work and development of the next Regional Solid Waste Management Plan (RSWMP).

**Metro Regional Center Campus Operations** – Campus Operation provides reception, fleet, maintenance, mail delivery, security, and custodial services to both the MRC and agency. In addition, the administrative services team within Campus Operation provides program support to PES. Campus Operations also manages three tenants on the MRC campus: Table 6 Café, Joyful Noise Daycare, and the Irving Street parking garage. Recent capital projects have been focused on restoring major components of the MRC such as the building envelope, roof, and developing a comprehensive master space plan for the MRC.

**Construction Project Management Office** The Construction Project Management Office (cPMO) provides a centralized team of project management expertise and collaboration. The cPMO oversees the design and construction of public improvements across all Metro sites, including those in PES, at the Oregon Zoo, the Metropolitan Exposition Recreation Commission (MERC) facilities, and in Parks and Nature. The cPMO is responsible for overseeing Metro’s Construction Project Guide, which provides project management best practices and identifies Metro’s required processes and procedures for executing, monitoring, and controlling projects’ scope, schedule, and budget. The cPMO also provides biannual Project Management Tune-up training opportunities for project managers agency-wide.

## **BUDGET ENVIRONMENT**

Continued growth is expected in FY 2016-17 for solid waste tonnage, both at Metro facilities and private transfer stations. Implementation of new asbestos waste screening procedures and new standards for recoverable wood waste established in FY 2015-16 will also continue in the coming fiscal year.

The primary drivers for RCR’s solid waste-related budget are: (1) preparing information needed by the Metro Council to make key long-term system decisions as part of the Solid Waste Roadmap, and development of the next Regional Solid Waste Management Plan, (2) advancing the agency’s “upstream” work by investing in waste prevention and reuse projects in the food, building and consumer sectors, (3) shifting our toxic waste reduction programs away from retail education and towards the development of policy tools and an infrastructure to foster expanded use of best practices by governments and institutions, and (4) maintaining the region’s core recycling programs, which generate significant environmental benefits. The largely unchanged Internal Sustainability Budget reflects that Metro departments and venues have integrated sustainability thinking and budgeting into their own efforts; the centralized work focuses on strategic projects and maintenance of core support tools.

PES is committed to providing equitable services in ways that value diversity, are inclusive, and generate positive benefits for historically underrepresented communities and communities of color. The following strategies have been and will continue to be utilized:

**Language:** The Haz Tu Parte Spanish-language waste reduction campaign and Super Ana!, the bilingual waste reduction education program for the region's 4th grade students, will continue. The Recycling Information Center (RIC) answers questions from Spanish-speaking callers, both household hazardous waste facilities use Metro's language translation services, and many of the solid waste code enforcement and Regional Illegal Dumping program materials are available in Spanish. PES plans to further expand the use of translation tools to meet customer needs in the coming year.

**Engagement:** The proposed budget supports inclusive community engagement with historically underserved communities and communities of color for long-range solid waste planning projects, such as development of the RSWMP and Solid Waste Roadmap planning projects. Pending the development of a coordinated spending plan by Metro's Equity, Diversity and Inclusion program, additional funds will be made available for projects that focus on determining if inequities exist in access to recycling at multifamily residences and recycling outreach to businesses owned by people of color. The spending plan will determine allocation of resources for program implementation as well as funding two pilot partnerships with community based organizations.

**Community Partnerships:** PES has thriving partnerships with DePaul Industries and Mt. Hood Community College, which support people with disabilities and community college students, respectively. In FY 2016-17, some funding for community engagement was approved with additional funds put in contingency upon approval of a spending plan by Metro's Equity, Diversity and Inclusion program. This spending plan will determine how to best fund program operations and two pilot partnerships with community-based organizations.

In addition to these program elements, PES continues to invest in developing staff awareness and abilities to incorporate diversity, equity, and inclusion into their day-to-day work. In the coming fiscal year, additional DEI training opportunities for PES staff will be offered at all seven of our work locations.

## **SIGNIFICANT CHANGES IN THE BUDGET**

- A net effect reduction of 2.7 FTE due to departmental organizational changes effective on July 1, 2015. These changes affected the funding allocation of several positions due to the shifting of staff and responsibilities between organizational areas. In order to reflect these changes in the FY 2016-17 Budget, several positions have been reallocated among the departments and funding sources affected by the reorganization.
- Reduced 0.09 FTE Scalehouse Technician to adjust allocation for several Scalehouse Technician positions in order to align FY 2016-17 budget positions with the number authorized in the Human Resources Position Management Control.
- An increase of 2.00 FTE transferred from the Solid Waste Policy/Finance and Regulatory Services to the Solid Waste Compliance and Cleanup/Property and Environmental Services.
- A net effect decrease of 0.10 FTE within the Construction Project Management Office due to MERC capital project support directly allocated to Personnel Services in the MERC Fund.

- A net effect increase of 4.00 FTE Senior Public Affairs Specialists due to the direct communications services support which is no longer an internal transfer to the Communications Department General Fund.
- Added a new 1.00 FTE Program Supervisor II to oversee the direct communications services support which is no longer and internal transfer to the Communications Department General Fund.
- Added a new 1.0 FTE Program Services Supervisor I to oversee an additional (3rd) crew to clean up illegal dumpsites and homeless camps within the region. Currently, Metro employs the Multnomah County Sheriff's Department to provide two inmate work crews supervised by county corrections officers. However, due to the increased number of cleanup demands, the growing complexity of cleanups, and legal requirements for illegal camp cleanups, a third cleanup crew is needed to help keep illegal dumps and camps cleaned up and to allow Metro to service more of the region. The new Metro-supervised crew will result in the cleanup of an additional 800 to 1,000 sites per year. Metro's crew will use personnel employed through other community-based organizations that assist disadvantaged youth, homeless, or other disenfranchised people. This request also includes purchase of new equipment that will better help clean up illegal sites safely and quickly, e.g. grapple and heavy-duty winch.
- Added a new 0.60 FTE Education Specialist I in the RCR classroom-based school program to support educational presentations about waste reduction, composting, recycling, and sustainability.
- Several capital projects for MRC building will move to the next phase in FY 2016-17, including the Roof Replacement, Building Envelope Repairs, and the 2nd floor Furniture Remodel projects.
- Increased operating expenses in the MetroPaint Program to process expected additional incoming paint.
- Increased materials and services funding to meet contract needs for solid waste transfer, transport, and disposal services.
- Provided additional funding (\$300,000) to the Regional Recycle At Work program to provide technical assistance to businesses that generate food waste to support adoption of fod waste prevention practices.

## PERFORMANCE MEASURES

Material recovery rate at Metro Central Transfer Station.\*

| <b>13/14</b> | <b>14/15</b> | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|--------------|--------------|-------|-------|-------|-------|-------|
| <b>34%</b>   | <b>34%</b>   | 34%   | 18%   | 18%   | 18%   | 18%   |

Material recovery rate at Metro South Transfer Station.\*

| <b>13/14</b> | <b>14/15</b> | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|--------------|--------------|-------|-------|-------|-------|-------|
| <b>17%</b>   | <b>17%</b>   | 17%   | 6%    | 6%    | 6%    | 6%    |

Revenues as a percentage of total expenses at MetroPaint.

| <b>13/14</b> | <b>14/15</b> | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|--------------|--------------|-------|-------|-------|-------|-------|
| <b>110%</b>  | <b>100%</b>  | 100%  | 100%  | 100%  | 100%  | 100%  |

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

| <b>13/14</b> | <b>14/15</b> | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|--------------|--------------|-------|-------|-------|-------|-------|
| <b>200</b>   | <b>230</b>   | 320   | 350   | 380   | 410   | 430   |

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 70    | 31    | 46    | 50    | 50    | 50    | 50    |

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 2,642 | 2,553 | 2,535 | 2,535 | 2,535 | 2,535 | 2,535 |

Regional recovery rate.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 63%   | 60%   | 64%   | 64%   | 64%   | 64%   | 64%   |

\* The performance measures for material recovery at Metro Central and Metro South have been reduced to reflect the impact of changes in the market for recovered wood.

### PROGRESS ON FY 2015-16 KEY OBJECTIVES

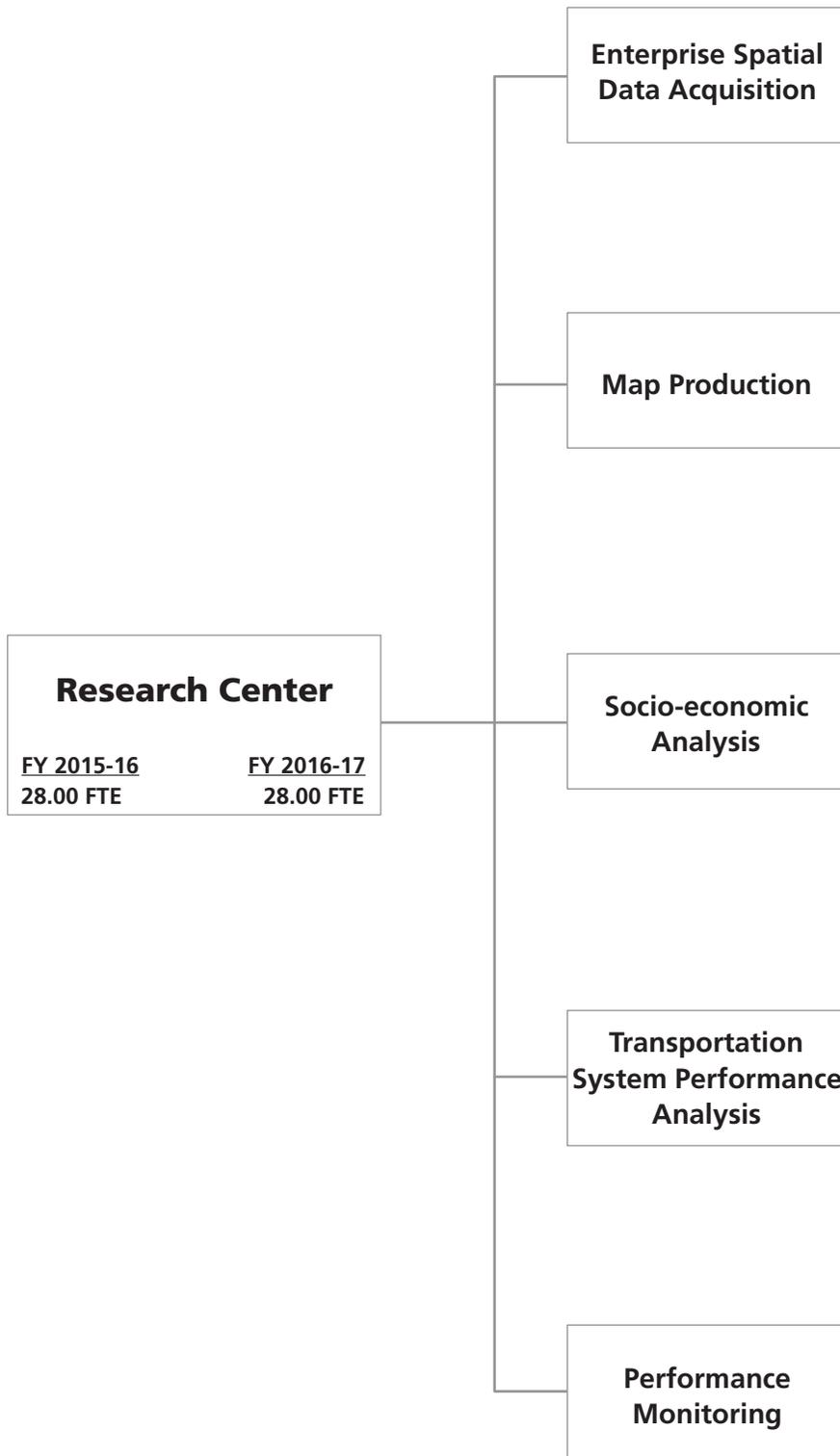
- Significant work was completed on all of the Solid Waste Roadmap projects, with Council providing critical discussion and direction on multiple occasions.
- Council engaged with staff on multiple occasions regarding project work to fulfill Council Resolution No. 14-4589, development of a draft landfill capacity policy. Staff is on track to present a policy to Council for consideration by the end of the fiscal year.
- The Metro Council narrowed Solid Waste Roadmap options relative to food recovery, the public - private hybrid of transfer stations, and long-term management of discards.
- Construction of Metro Central stormwater improvements is on schedule.

### KEY OBJECTIVES FOR FY 2016-17

- Transition the Solid Waste Roadmap work from mostly technical investigations to focused outreach that informs implementation planning on food recovery and the public – private transfer system.
- Per Metro Council’s direction, continue fact finding on two alternatives to landfilling: advanced recovery and waste to energy.
- Get final Council guidance on the Solid Waste Roadmap’s food recovery project and begin implementing that direction.
- Initiate the process of developing the next RSWMP with the participation of local governments, as well as input from the public and system stakeholders.
- Complete plans for the replacement of one compactor at each transfer station.
- Extend the commercial organics contract for at least one more year.
- Complete environmental remediation at the St. Johns Landfill.
- Develop key components for a Metro Disaster Debris Management Plan and work with partner jurisdictions in the development of a regional Disaster Debris Management Plan.
- Complete code changes to solid waste code for contaminated soils and alternative daily cover.
- Initiate work on the MRC Building Envelope Repairs Phase 2 and the MRC Roof Replacement Phase 2 to restore building integrity in FY 2016-17.
- Start the design and engineering work for the MRC HVAC system replacement.



# Research Center



## Summary of the Research Center

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 2,838,526             | 3,045,849             | 3,480,796             | 3,455,549              | 3,455,549              | 3,418,874             | (1.78%)                                |
| Materials and Services                             | 341,781               | 1,132,242             | 1,152,489             | 977,739                | 977,739                | 1,137,739             | (1.28%)                                |
| <b>TOTAL</b>                                       | <b>\$3,180,306</b>    | <b>\$4,178,091</b>    | <b>\$4,633,285</b>    | <b>\$4,433,288</b>     | <b>\$4,433,288</b>     | <b>\$4,556,613</b>    | <b>(1.65%)</b>                         |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 3,180,306             | 4,178,091             | 4,633,285             | 4,433,288              | 4,433,288              | 4,556,613             | (1.65%)                                |
| <b>TOTAL</b>                                       | <b>\$3,180,306</b>    | <b>\$4,178,091</b>    | <b>\$4,633,285</b>    | <b>\$4,433,288</b>     | <b>\$4,433,288</b>     | <b>\$4,556,613</b>    | <b>(1.65%)</b>                         |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>26.75</b>          | <b>28.50</b>          | <b>28.00</b>          | <b>28.00</b>           | <b>28.00</b>           | <b>28.00</b>          | <b>0.00%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>0.00</b>                            |

Research Center (RC) activities serve Metro's six regional outcomes by providing information that enables Council and client departments to make plans and conduct operations. RC deliverables take three general forms: decision support material designed to evaluate possible actions (e.g. potential transportation investments), monitoring information that keeps decisionmakers apprised of the region's transportation and land use situation (e.g. vacant land absorption and redevelopment trends), and program support information that helps clients do their primary business (e.g. data about Metro parks assets for field staff). The decision support activities are designed to meet the general requirements of federally-mandated transportation planning and state-mandated growth planning. RC enables such "Direct Services" to clients through additional "Core Services" that develop and sustain the enterprise data, data systems, analytic methods, and software applications. Finally, the RC conducts "Advanced Research" services that enhance its data and applications in ways that transcend legally-mandated minimum functionality. RC is also responsible for ensuring that its data and tools are objective and scientifically valid. The Research Center is organized functionally around its major programs.

### MAJOR PROGRAMS

**Enterprise Spatial Data Acquisition, Data Management, Systems Development, And Application Development** – Accurate, timely, and relevant data are the foundation of Research Center activities and a fundamental need of most RC clients within and outside of Metro. The RC Enterprise Services Division (one half of the Data Resource Center, or DRC) collects and manages relevant data and enables access to it by developing and maintaining data management systems and end-user software frameworks. The Regional Land Information System (RLIS) is the flagship information product of DRC enterprise activities that provides the authoritative regional data resource powering other RC and Metro efforts.

**Map Production, Data Visualization, and Spatial Data Analysis** – Foundation enterprise data must be rendered useful to program management and decision support activities of the operational Metro departments and other RC clients. The RC Client Services Division forms the other half of the Data Resource Center and works closely with Enterprise Services to turn data into intuitive information products that support clients' operations and strategic decision-making.

**Socio-Economic Analysis and Forecasting** – State law mandates that Metro assess the region's capacity for future growth and set the Urban Growth Boundary (UGB). The RC supports this activity by collecting socio-economic data and creating regional forecasts of population, employment, and land use allocation. These products also support transportation planning activities. The RC economist leads these duties with support from the Modeling Services Division in a virtual team known as the Socio Economic Resource Center (SERC).

**Transportation System Performance Analysis and Forecasting** – Federal law requires Metro, as the designated Metropolitan Planning Organization (MPO) to create a long-range Regional Transportation Plan (RTP) and to program transportation funding in the Metropolitan Transportation Improvement Program (MTIP). RC supports Metro's transportation responsibilities by monitoring and analyzing transportation system performance and by producing forecasts of transportation system behavior under potential investment or plan alternatives. The Modeling and Analysis Resource Center is the RC division with direct responsibility for transportation-related analysis.

**Performance Monitoring** – The Research Center partners with other Metro departments and external agencies to collect, analyze, and communicate the

implications of performance data for the region's transportation systems, socio-economic aspects, natural areas status, and land use markets. Performance Monitoring activities cut across all other RC programs and are served by all RC divisions.

## **BUDGET ENVIRONMENT**

For FY 2016-17 the Research Center fine-tuned the business model it adopted in FY 2014-15 by establishing clear guidelines for what activities constitute “Core Services” and working with Finance and Regulatory Services (FRS) staff, the Chief Operating Officer, the Deputy Chief Operating Officer, and other Department Directors to find revenue sources for those core services. The transparent definition of and reasonable funding for core services will provide fundamental stability to the department as it focuses on delivery and service revitalization. RC services, as mentioned above, come in three general types—direct services, core services, and advanced research. In delivering them the RC adheres to the six Metro values and the general RC strategic goals of:

- Providing effective decision support, monitoring, and program support services.
- Supplying excellent customer service.
- Enhancing data and analytic capacity to increase value and ensure analytic validity.
- Striving for cost-effective delivery and financial stability.

The RC business model fine-tuning was carried out under the supervision of a management team largely rebuilt in 2015. In FY 2015-16 the RC hired a new Director, a new Client Services Division manager (promoted from division staff), and a new Enterprise Services Division manager. The head of the Modeling and Analysis Resource Center (MARC) is the only manager of four that did not change. In addition to hiring and on-boarding activities the management team has focused its energies on re-establishing stellar customer service practices; re-invigorating RC relationships with its clients; and focusing staff on prompt, cost-efficient, high-quality service delivery. Some staff hires (administrative support, GIS developer) remain to be made at the time of this writing while RC has deliberately chosen not to fill other vacancies (Land Use Modeler, Senior GIS Specialist) until the RC can assess its financial success and program performance under the new management team and until it completes general succession planning and staff rebalancing in response to anticipated personnel changes.

The new management team efforts have yielded promising early results. While quantitative DRC-related performance measures have declined, this is due to previous management turnover and the short amount of time the new management team has had to effect positive change. Anecdotal feedback from internal DRC clients indicates that the re-energized attention to customer service and delivery has been noted and appreciated. The fact that the MARC-related metrics have essentially held steady supports this assessment (recall that MARC is the only division that has not had management turnover) and is an accomplishment in its own right. The DRC customer satisfaction targets for FY 2016-17 are 70 percent “excellent” ratings.

## **SIGNIFICANT CHANGES IN THE BUDGET**

- Increased materials and services by \$35,000 to purchase on-call GIS-related services to make changes to the information delivery structure needed for replacing outmoded software and staying compliant with Metro's database licenses.
- Decreased materials and services by \$280,000 to adapt to the cyclical needs of the regional orthophoto consortium project.

- In addition to the \$280,000 orthophoto reduction, decreased materials and services by a further \$197,000 (\$477,000 reduction total) to help balance the FY 2016-17 budget proposal.
- Decreased direct services in response to client requests but channeled the FTE reduced into core services activities, primarily the new performance management program (see below).
- Created a new program area in the budget for performance management, largely by calling out RLIS-related activities that produce performance data rather than foundation data and by channeling FTE cut from direct services into performance monitoring

## PERFORMANCE MEASURES

### Client Services\*

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 83%   | 68%   | 57%   | 70%   | 80%   | 80%   | 80%   |

### Enterprise Services

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 78%   | 60%   | 58%   | 70%   | 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.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 4.2   | 4.5   | 4.4   | 4.5   | 4.6   | 4.6   | 4.6   |

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 5.0   | 4.9   | 4.8   | 5.0   | 5.0   | 5.0   | 5.0   |

\* A majority of the Client Services statistic currently in use actually measures Enterprise Services performance; RC will work to devise a better metric in FY 2016-17.

## PROGRESS ON FY 2015-16 KEY OBJECTIVES

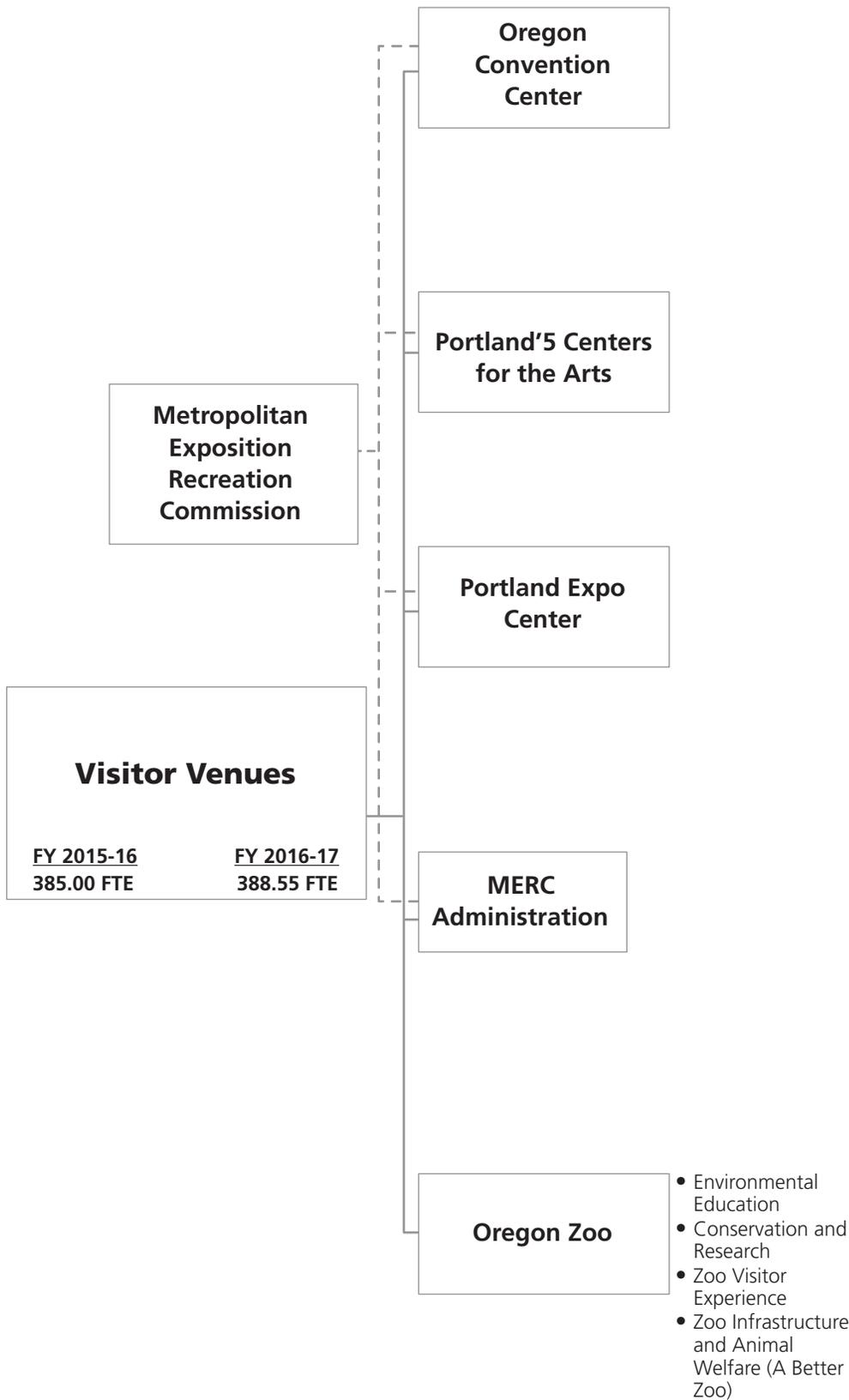
- Produced a final version of the 2014 Urban Growth Report to support the Metro Council Urban Growth Boundary decision.
- Delivered successful spatial products, including Title XIII maps and analytic findings, Title VI/Limited English Proficiency map products, early materials for the Regional Transportation Plan (RTP) update, and on-demand products for internal clients and members of the public.
- Continued to host CLF's regional Equity Atlas and coordinate with partners on shared data resources.
- Completed annual update to statewide regional solid waste facilities map and support the Solid Waste Planning Model, Phase 2.
- Testing and validation of the new activity based travel demand model is still in progress, subject to the needs of the RTP update.
- Implemented first-phase bike enhancements to an interim version of the regional travel model.

- Continued work on the SHRP2 C-20 freight model development. The target completion remains March 2017.
- Instituted a traffic count collection program.

#### **KEY OBJECTIVES FOR FY 2016-17**

- Create a five-year evolutionary plan for the land use forecasting toolkit and begin implementation, including the first phase of data collection for the new Land Development Monitoring System (LDMS).
- Deliver spatial data and model forecast products in support of RTP update efforts by the Planning and Development department scheduled for FY 2016-17.
- Complete initial testing and validation of the new activity-based travel demand model.
- Conduct comprehensive spatial data/systems/applications needs analyses for key clients.
- Complete a comprehensive review and needs assessment of the Regional Land Information System and its business model, leading to an evolutionary action plan for the next-generation RLIS.
- Update and standardize information delivery standards to keep costs lower while increasing flexibility in providing services to our customers.
- Define and implement a first-phase Performance Monitoring Program, including a draft “MetroPulse” regional performance indicators web portal.
- Procure expert peer review of Metroscope land use forecast model and recommendations on how to improve it for increased utility and validity.
- Continue to improve Metro’s transportation decision support capabilities through beginning the technical development of a Least Cost Planning/Multi-Criterion Evaluation toolkit.

# Visitor Venues



## Summary of Visitor Venues

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 35,034,423            | 37,292,804            | 41,721,697            | 43,225,653             | 43,225,653             | 42,822,965            | 2.64%                                  |
| Materials and Services                             | 39,866,665            | 41,356,585            | 117,467,439           | 119,285,552            | 119,285,552            | 119,606,637           | 1.82%                                  |
| Capital Outlay                                     | 28,505,778            | 32,521,160            | 32,655,286            | 17,950,749             | 17,950,749             | 23,814,377            | (27.07%)                               |
| Debt Service                                       | 1,573,880             | 1,585,650             | 4,089,826             | 3,848,354              | 3,848,354              | 3,848,354             | (5.90%)                                |
| <b>TOTAL</b>                                       | <b>\$104,980,746</b>  | <b>\$112,756,198</b>  | <b>\$195,934,248</b>  | <b>\$184,310,308</b>   | <b>\$184,310,308</b>   | <b>\$190,092,333</b>  | <b>(2.98%)</b>                         |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Asset Management Fund                      | 883,265               | 1,484,482             | -                     | -                      | -                      | -                     |  |
| General Revenue Bond Fund                          | 1,573,880             | 1,585,650             | 77,764,826            | 77,406,354             | 77,406,354             | 77,406,354            | (0.46%)                                |
| MERC Fund  | 53,007,676            | 56,113,847            | 66,997,658            | 70,270,616             | 70,270,616             | 76,344,892            | 13.95%                                 |
| Oregon Zoo Asset Management Fund                   | 1,381,182             | 4,345,031             | 6,274,714             | 3,216,628              | 3,216,628              | 3,319,840             | (47.09%)                               |
| Oregon Zoo Infrastructure/Animal Welfare Fund      | 23,041,982            | 23,778,231            | 20,543,159            | 7,628,320              | 7,628,320              | 7,628,320             | (62.87%)                               |
| Oregon Zoo Operating Fund                          | 33,639,434            | 34,530,153            | 38,480,170            | 40,573,745             | 40,573,745             | 40,585,970            | 5.47%                                  |
| Parks and Natural Areas Local Option Levy Fund     | 107,204               | 235,464               | -                     | -                      | -                      | -                     |  |
| <b>TOTAL</b>                                       | <b>\$104,980,746</b>  | <b>\$112,756,198</b>  | <b>\$195,934,248</b>  | <b>\$184,310,308</b>   | <b>\$184,310,308</b>   | <b>\$190,092,333</b>  | <b>(2.98%)</b>                         |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>350.35</b>         | <b>369.50</b>         | <b>385.00</b>         | <b>388.55</b>          | <b>388.55</b>          | <b>388.55</b>         | <b>0.92%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>3.55</b>                            |

## Summary of MERC Administration

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 739,568               | 773,769               | 830,961               | 876,495                | 876,495                | 867,245               | 4.37%                                  |
| Materials and Services                             | 229,275               | 297,282               | 479,585               | 543,085                | 543,085                | 538,085               | 12.20%                                 |
| Capital Outlay                                     | 286,959               | 54,000                | -                     | 250,000                | 250,000                | 250,000               |  |
| <b>TOTAL</b>                                       | <b>\$1,255,803</b>    | <b>\$1,125,051</b>    | <b>\$1,310,546</b>    | <b>\$1,669,580</b>     | <b>\$1,669,580</b>     | <b>\$1,655,330</b>    | <b>26.31%</b>                          |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| MERC Fund  | 1,255,803             | 1,125,051             | 1,310,546             | 1,669,580              | 1,669,580              | 1,655,330             | 26.31%                                 |
| <b>TOTAL</b>                                       | <b>\$1,255,803</b>    | <b>\$1,125,051</b>    | <b>\$1,310,546</b>    | <b>\$1,669,580</b>     | <b>\$1,669,580</b>     | <b>\$1,655,330</b>    | <b>26.31%</b>                          |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>6.50</b>           | <b>6.00</b>           | <b>6.50</b>           | <b>6.60</b>            | <b>6.60</b>            | <b>6.60</b>           | <b>1.54%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>0.10</b>                            |

Metro's Visitor Venues include the Oregon Convention Center (OCC), Portland's Centers for the Arts (Portland's), 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 \$740 million in direct and indirect regional spending, which supports more than 7,100 living wage jobs. For every \$1.00 of Visitor Venues annual budget expense, more than \$8.00 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's and Expo. Commission members are nominated by Metro, Clackamas, Multnomah and Washington counties, and the City of Portland and are 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), comprised of business, philanthropic 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's 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's hosts more than 700,000 visitors who attend events and performances each year and contribute to the cultural vibrancy of the region.

**Environmental Education** – This program includes zoo education, volunteer services and youth programs 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**

FY 2015-16 was a record-breaking year for both OCC and Portland’s. FY 2016-17 forecasts continued positive growth over historical averages, however slightly less than the forecasted record-breaking year in FY 2015-16.

Portland’s has booked 9.5 weeks of Broadway performances compared to the record 12 weeks in FY 2015-16. OCC is forecasting 47 conventions in FY 2016-17 compared to the record 50 in FY 2015-16. Expo is forecasting a 3 percent growth in rental revenues over FY 2015-16 actuals. The Oregon Zoo is forecasting flat attendance of 1.70 million over FY 2015-16 budget based on actual attendance of 1,558,495 in FY 2014-15. Operating Fund revenue drivers include the opening of Elephant Lands in February 2016, implementation of a new seasonal pricing strategy, staging 16 premium summer concerts and increased sales from the zoo’s Gift Shop operator.

Transient Lodging Tax (TLT) revenue was a record year in FY 2015-2016 due partly to the more than 1,000 hotel rooms either planned or currently under construction in Portland and new TLT receipts generated from the Airbnb agreement implemented mid-way through FY 2014-15. The MERC forecast for TLT revenues in FY 2016-17 matches the County’s forecast of 4 percent growth over FY 2015-16. Transient Lodging Tax (TLT) revenue is projected to maintain positive growth in FY 2016-17, benefiting both Portland’s and OCC.

The assumption of a 2.0 percent CPI and Cost of Living Allowance (COLA) was used in the development of the FY 2016-17 Budget. The Bureau of Labor Statistics (BLS) reported in January 2016 that the calendar year Portland-Salem Area Consumer Price Index for All Urban Consumers (CPI-U) increased 1.23 percent. Assumed cost impacts for both the Affordable Healthcare Act and the newly implemented sick leave laws are included in the FY 2016-17 budget. Because these cost increases can be managed to some degree, there is not a significant impact to the venues. Both the budgeted fixed amount for health and welfare benefits per employee and the Public Employee Retirement System (PERS) rate decreased from FY 2015-16. Both of these rate decreases are a one-time reprieve. It is expected both rates will increase in FY 2017-18. Under the new minimum wage law, the venues will not experience significant cost impacts in FY 2016-17. All the venues have absorbed increased utility and food costs into their budget without increasing base materials and services budgets. Expo has decreased its materials and services budget in FY 2016-17 by 6 percent after absorbing increased utility rates. Portland’s materials and services budget increase is due to its expansion of its *Portland’s Presents* program and the addition of its new *Education and Community Engagement* program adding program revenues over increased expenses. Outside of these programmatic expansions, Portland’s base materials and services budget remains flat over the prior year. OCC’s materials and services budget growth is due to one-time expenses. Through good operational efficiency management, the venue directors continue to minimize expenditure growth while keeping revenues on pace with inflation.

## SIGNIFICANT CHANGES IN THE BUDGET

### Personnel Changes for the MERC Venues:

- The MERC Venues propose an increase of 3.50 FTE over FY 2015-16. The Zoo proposes to reduce total FTE by 0.05.

## PERFORMANCE MEASURES

Estimated economic impact in metropolitan region (millions).

|            | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|------------|-------|-------|-------|-------|-------|-------|-------|
| OCC        | \$517 | \$538 | \$553 | \$569 | \$585 | \$602 | \$620 |
| OR Zoo     | \$115 | \$124 | \$135 | \$147 | \$160 | \$174 | \$189 |
| Portland'5 | \$66  | \$82  | \$87  | \$92  | \$97  | \$102 | \$109 |
| Expo       | \$45  | \$41  | \$42  | \$42  | \$43  | \$43  | \$44  |

## PROGRESS ON FY 2015-16 KEY OBJECTIVES

- Execute the FOTA improvement implementation plan.  
 In Progress. In conjunction with Metro HR and the Office of Diversity, Equity and Inclusion, the FOTA project team continues to explore the use of community based organizations (CBO) to improve Metro's outcomes in outreach and recruitment for employment of minority and under-served populations within the FOTA area.
- Continue with phase II of the Expo project and including financial analysis and stakeholder discussions.  
 In Progress. The Expo project team, in collaboration with an internal advisory committee comprised of Metro executive leadership, conducted a comprehensive analysis of financial and business conditions relative to five facility investment scenarios. Results from the analysis shed light on the opportunities and challenges associated with investment at the Expo Center.
- Provide a semi-annual Expo Project Phase II Progress Report to the MERC Commission.  
 In Progress. The Expo project team presented an in-depth project update at the October 7th Commission meeting and a follow-up presentation at the November 4th Commission meeting. The project team expects to discuss key project milestones with the MERC Commission on an ongoing, regular basis.
- Provide a semi-annual Portland'5 Project Progress Report to the MERC Commission.  
 In Progress. A civil engineering firm – Cardno – conducted a facility conditions analysis (FCA) of Portland'5 facilities in the fall of 2015. Portland'5 Capital Project team will review Cardno's preliminary reports in the winter of 2016 and conduct a gap analysis to identify additional capital needs. Based on these results, it is anticipated that the project team will identify additional studies, if necessary, to understand the full range of capital needs.

## KEY OBJECTIVES FOR FY 2016-17

- Execute the FOTA improvement implementation plan.
- Continued to develop and implement Phase III of the Expo Project
- Provide a semi-annual Portland'5 Project Progress Report to the MERC Commission.
- Maintain oversight and provide regular reporting to stakeholders of the required minority contracting and workforce equity goals throughout the construction of the OCC Hotel project.
- Provide quarterly OCC Hotel construction budget to actual reporting to the MERC Commission.

## Summary of the Oregon Convention Center

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 8,549,439             | 9,279,349             | 10,737,796            | 11,052,971             | 11,052,971             | 10,892,021            | 1.44%                                  |
| Materials and Services                             | 18,894,859            | 19,244,450            | 92,852,503            | 93,750,666             | 93,750,666             | 93,974,226            | 1.21%                                  |
| Capital Outlay                                     | 2,725,061             | 2,322,780             | 3,966,400             | 4,180,068              | 4,180,068              | 6,913,959             | 74.31%                                 |
| Debt Service                                       | -                     | -                     | 2,500,000             | 2,500,000              | 2,500,000              | 2,500,000             | 0.00%                                  |
| <b>TOTAL</b>                                       | <b>\$30,169,359</b>   | <b>\$30,846,579</b>   | <b>\$110,056,699</b>  | <b>\$111,483,705</b>   | <b>\$111,483,705</b>   | <b>\$114,280,206</b>  | <b>3.84%</b>                           |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Revenue Bond Fund                          | -                     | -                     | 75,910,000            | 76,058,000             | 76,058,000             | 76,058,000            | 0.19%                                  |
| MERC Fund  | 30,169,359            | 30,846,579            | 34,146,699            | 35,425,705             | 35,425,705             | 38,222,206            | 11.94%                                 |
| <b>TOTAL</b>                                       | <b>\$30,169,359</b>   | <b>\$30,846,579</b>   | <b>\$110,056,699</b>  | <b>\$111,483,705</b>   | <b>\$111,483,705</b>   | <b>\$114,280,206</b>  | <b>3.84%</b>                           |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>112.30</b>         | <b>114.65</b>         | <b>114.65</b>         | <b>115.65</b>          | <b>115.65</b>          | <b>115.65</b>         | <b>0.87%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>1.00</b>                            |

OCC is the largest convention facility 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, tradeshow, meetings, and local residents to special events.

## **MAJOR PROGRAMS**

**Conventions, Trade and Consumer Shows** – OCC hosts over half a million visitors each year attending international, national and regional conferences, meetings and events. For every \$1.00 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**

OCC's revenue forecast for FY 2016-17 is similar to its actual performance in FY 2014-15, OCC's highest grossing year. OCC is forecasting above average event bookings for FY 2016-17 but fewer than its record high in FY 2015-16, including a number of repeat public shows such as Wizard World Portland Comic Con, the International Auto Show, Portland Wine and Seafood Expo and others. Partnerships with Aramark, Travel Portland, Pepsi and Portland Roasting Coffee all continue to produce marketing opportunities and additional event bookings than planned each year.

OCC's \$500 million annual economic impact is significant to the region. The convention center hotel project, when completed in FY 2018-19, will enhance the center's marketability to a national audience and increase its ability to positively impact the region's economy. OCC's \$4 million capital contribution toward the construction of the headquarters hotel provides a significant investment in efforts to increase high wage jobs in the region. This includes roughly 2,000 construction jobs and more than 900 permanent jobs on top of the 5,000 jobs OCC currently generates. As Portland grows as a destination, the importance of the center's role and economic impact by hosting national and international events is vital.

OCC continues to lead the nation in sustainability programs. In FY 2015-16, in partnership with SolarCity, OCC installed a two-megawatt solar array, the largest in Oregon, on its new roof. This system will generate 25 percent of the facilities electricity needs. Additionally, the center recently implemented a waste diversion plan to decrease landfill products and is proactively preparing for re-certification at the Platinum level of LEED® in 2019. The center's rain gardens have earned OCC re-certification as a Salmon-Safe venue, insuring clean air and waters to future generations.

## **SIGNIFICANT CHANGES IN THE BUDGET**

- Increase of 1.00 FTE position - Audio Visual Supervisor in response to increased demands for staffing oversight due to business growth.
- A one-time \$4 million grant from Visitor Facility Trust Account for convention center hotel project.
- Funded \$930,000 portion of convention center hotel project from OCC fund balance.
- Funded \$2 million of phase I of the Martin Luther King Jr. Plaza Project from TLT Pooled Capital, Aramark Capital Contribution, and fund balance.

## PERFORMANCE MEASURES

National Conventions.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 32    | 47    | 50    | 47    | 45    | 45    | 46    |

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

Food and Beverage Margin.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 11.2% | 19.4% | 16.5% | 18.6% | 17.0% | 17.0% | 17.5% |

Ratio Operating Revenue to Expenditures.

| 13/14  | 14/15  | 15/16  | 16/17  | 17/18  | 18/19  | 19/20  |
|--------|--------|--------|--------|--------|--------|--------|
| 108.2% | 115.7% | 104.1% | 108.4% | 107.3% | 108.4% | 110.6% |

## PROGRESS ON FY 2015-16 KEY OBJECTIVES

- Enhance sustainability programs through teamwork and partnerships with clients, vendors and staff to maintain current LEED Platinum designation. – In FY 2015-16 OCC installed a two-megawatt solar array on its new roof, implemented its Waste Diversion Policy, and began LED lighting enhancement projects including the parking garage, ballrooms, and towers.
- Continue energy consumption reductions. – In Progress.
- Implement Waste Diversion Policy. – Complete.
- Monitor the progress of the *Be the Difference* customer service staff training, recognition and assessment program. – The *Be the Difference* program has run its course and OCC is evaluating a new approach to employee recognition.
- Develop master plan for OCC both interior and exterior of the facility.). – OCC hired LMN Architects and is simultaneously pursuing a facility asset condition assessment that will inform our building infrastructure and mechanical system needs. Together, these projects will create a 15-20 year renewal and replacement plan.
- Break ground on the convention center hotel project. – In Progress.
- Complete North Plaza landscape renovation. – In Progress.
- Complete food and beverage renovations. – In Progress.
- Enhance OCC security procedures and training. – OCC has successfully upgraded its CCTV video monitoring system and security console area to provide more surveillance coverage. Recent upgrades to radio systems include security features that allow security staff to concurrently monitor all channels. This fall, all managers participated in a “Trained Crowd Manager” certification. This training focused on evacuations, sheltering and public safety. Soon, the team will begin the second phase, which is venue specific. Additionally this winter, our Special Services Manager will participate in an Active Shooter seminar and work toward developing a protocol customized for OCC.

## KEY OBJECTIVES FOR FY 2016-17

- Enhance sustainability programs through teamwork and partnerships with clients, vendors and staff to maintain current LEED certification.
- Continue reductions in energy consumption.
- Obtain a 70 percent diversion rate through the new Waste Diversion Policy.

- Achieve reduction in energy costs through completed lighting projects and operational solar array.
- Develop 15-20 year capital plan from Facility Master Plan and Facility Assessment work.
- Improve OCC cellular service and WiFi capabilities.
- Implement a program to increase food and beverage sales to Exhibitors Services.
- Develop a sales and marketing plan for headquarters hotel convention package.
- Improve ability to connect with customers through social media.
- Develop new employee recognition program to replace *Be the Difference*.
- Complete a staffing study.

## Summary of Portland's Centers for the Arts

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 5,497,004             | 5,975,182             | 6,494,395             | 6,859,330              | 6,859,330              | 6,786,405             | 4.50%                                  |
| Materials and Services                             | 4,763,448             | 6,164,296             | 6,612,511             | 7,646,979              | 7,646,979              | 7,646,979             | 15.64%                                 |
| Capital Outlay                                     | 643,700               | 1,498,685             | 3,156,100             | 3,152,520              | 3,152,520              | 5,229,405             | 65.69%                                 |
| <b>TOTAL</b>                                       | <b>\$10,904,152</b>   | <b>\$13,638,163</b>   | <b>\$16,263,006</b>   | <b>\$17,658,829</b>    | <b>\$17,658,829</b>    | <b>\$19,662,789</b>   | <b>20.91%</b>                          |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| MERC Fund  | 10,904,152            | 13,638,163            | 16,263,006            | 17,658,829             | 17,658,829             | 19,662,789            | 20.91%                                 |
| <b>TOTAL</b>                                       | <b>\$10,904,152</b>   | <b>\$13,638,163</b>   | <b>\$16,263,006</b>   | <b>\$17,658,829</b>    | <b>\$17,658,829</b>    | <b>\$19,662,789</b>   | <b>20.91%</b>                          |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>44.40</b>          | <b>46.90</b>          | <b>49.40</b>          | <b>52.40</b>           | <b>52.40</b>           | <b>52.40</b>          | <b>6.07%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>3.00</b>                            |

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 650 living wage jobs and generates tax revenues for state and local governments.

### BUDGET ENVIRONMENT

Performing Arts are part of any vibrant community. Portland'5 is among the best at operating and caring for a performing arts center. Portland'5 is passionate about the arts and making arts available to ALL members of the community. Fiscal year 2016-17 will be a good year for Portland'5. There are 9.5 weeks of Broadway (total 76 performances). Lion King will play for four weeks with strong content for the other five and a half weeks. Portland Opera's move out of the Keller opened opportunities for additional commercial business.

*Portland'5 Presents* will continue to expand and plans 39 events with net revenue of \$156,000. More shows are being planned for the bigger halls and Newmark, as well as in the Winningstad. Four educational programs targeting Title I and other schools serving disadvantaged communities are also planned. The budget reflects the creation of a new Education and Community Engagement Program to help achieve these goals. Proposed staff increases are focused on continuing operational efficiencies, growing revenue as well as deepening our Diversity Equity and Inclusion strategies and goals.

Lodging tax is expected to remain steady. Portland'5 is expected to realize its annual CPI increase in TLT allocation. Costs continue to increase—especially in regards to personnel. The realities of having venues in an urban environment combined with anxiety over terrorist activities prompt increases in venue security. While some costs will be passed on to clients others must be absorbed. Increased costs and growing subsidies of local non-profits use of the hall will limit the amount of revenue that can drop to renewal and replacement reserves. Combined with the growing capital needs of aging buildings, recent estimates reflect that renewal and replacement funds will be depleted in five years. An effort to address this situation began in FY 2015-16 and will continue in FY 2016-17. The Portland'5 Foundation's capital endowment has yet to recover and the organization itself has been dormant for years. A plan to grow and strengthen the foundation was reengaged in FY 2015-16 as they work with a consultant to rebuild the organization. Portland'5 has budgeted \$30,000 for the anticipated sharing of the cost of a development person the Foundation is expected to hire in FY 2016-17.

## SIGNIFICANT CHANGES IN THE BUDGET

- Significant expansion of the *Portland's Presents* program increasing revenues, expense, and net operations.
- Added new 1.00 FTE to the Education and Community Engagement program designed to assist school-aged youth and underserved communities access *Portland's Presents* performances.
- Added a new 1.00 FTE Utility Lead (day-time) to provide promotional opportunities for Utility staff.
- Restored 1.0 FTE Administrative Technician. This position was eliminated in FY 2011-12. It is now needed to address the significant uptick in the number of single-day events and changing business needs with *Portland's Presents*.

## PERFORMANCE MEASURES

Portland's total weeks of Broadway performances.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 6.5   | 9.5   | 12    | 9.5   | 9.5   | 9.5   | 9.5   |

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

Food and Beverage Margin.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 17.3% | 26.5% | 26.8% | 22.5% | 22.5% | 22.5% | 22.5% |

Ratio Operating Revenue to Expenditures.

| 13/14  | 14/15  | 15/16  | 16/17 | 17/18  | 18/19  | 19/20  |
|--------|--------|--------|-------|--------|--------|--------|
| 111.8% | 115.8% | 115.5% | 110%  | 108.4% | 106.8% | 104.9% |

## PROGRESS ON FY 2015-16 KEY OBJECTIVES

- Continue business development initiative via *Portland's Presents* events. – Ongoing - An educational component was begun to provide elementary school children a free opportunity to hear nationally celebrated musicians.
- Continue to develop and implement a plan to address long term funding strategy for Portland's. – In Progress - Conversations with our liaison with the City of Portland has resulted in the language describing spectator facilities to more clearly call out the Portland's venues.
- Continue implementation of the sponsorship kit for Portland's produced events. – Complete.
- Continue to develop and implement revitalization plan for the Portland's Centers for the Arts Foundation. – In Progress - The Portland's Centers for the Arts Foundation contracted with a development consultant to work with them on a revitalization plan.
- Seek opportunities for capital projects to advance green initiatives and lower operating costs. – Ongoing - Every capital project is viewed for potential green/energy savings opportunities.

## KEY OBJECTIVES FOR FY 2016-17

- Seek opportunities for capital projects to advance green initiatives and lower operating costs.
- Continue business development initiative via *Portland's Presents* events.
- Continue to develop and implement a plan to address long term funding strategy for Portland's.
- Continue to develop and implement revitalization plan for the Portland's Centers for the Arts Foundation.

- Continue development of sponsorship, advertising and marketing initiatives that generate revenue.
- Develop education and community engagement program to increase the participation of disadvantaged communities and schools through diverse Portland's programming.

## Summary of the Portland Expo Center

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 1,510,480             | 1,668,415             | 1,797,467             | 1,786,611              | 1,786,611              | 1,765,261             | (1.79%)                                |
| Materials and Services                             | 3,116,375             | 2,943,020             | 3,117,605             | 3,126,296              | 3,126,296              | 3,216,596             | 3.18%                                  |
| Capital Outlay                                     | 962,510               | 478,441               | 1,361,000             | 1,075,740              | 1,075,740              | 2,025,380             | 48.82%                                 |
| Debt Service                                       | 1,188,650             | 1,188,050             | 1,186,176             | 1,182,529              | 1,182,529              | 1,182,529             | (0.31%)                                |
| <b>TOTAL</b>                                       | <b>\$6,778,015</b>    | <b>\$6,277,926</b>    | <b>\$7,462,248</b>    | <b>\$7,171,176</b>     | <b>\$7,171,176</b>     | <b>\$8,189,766</b>    | <b>9.75%</b>                           |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Revenue Bond Fund                          | 1,188,650             | 1,188,050             | 1,186,176             | 1,182,529              | 1,182,529              | 1,182,529             | (0.31%)                                |
| MERC Fund  | 5,589,365             | 5,089,876             | 6,276,072             | 5,988,647              | 5,988,647              | 7,007,237             | 11.65%                                 |
| <b>TOTAL</b>                                       | <b>\$6,778,015</b>    | <b>\$6,277,926</b>    | <b>\$7,462,248</b>    | <b>\$7,171,176</b>     | <b>\$7,171,176</b>     | <b>\$8,189,766</b>    | <b>9.75%</b>                           |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>12.30</b>          | <b>14.80</b>          | <b>15.80</b>          | <b>15.30</b>           | <b>15.30</b>           | <b>15.30</b>          | <b>(3.16%)</b>                         |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>(0.50)</b>                          |

The Portland Expo Center (Expo) is a multi-purpose exhibition facility comprised of meeting rooms, exhibit halls, a full-service restaurant and flexible outdoor exhibit space. Considered the region's primary destination for consumer public shows, tradeshow and special feature events, Expo hosts over a half a million visitors each year, and is considered #1 amongst 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 the 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, more than \$6.00 is spent in the regional economy. Expo induces more than \$45 million in annual local and regional economic impact which in turn supports 470 living wage jobs.

## BUDGET ENVIRONMENT

Expo has embraced a new marketing and communications plan, a revitalized brand and web presence, secured a number of new events, and expanded its commitment to several clients by signing three-year event agreements. With the completion of phase two of its electronic signage capital project, the center will for the first time have the capability to utilize dynamic event parking fees in FY 2016-17. Additionally, the parking department increased the exhibitor parking rate from \$7 to \$8 and created modifications to its shuttle requirements. Changes were also made to the marketing and sales department to support in-house events production and per cap sales. Expo's charges for services budget in FY 2016-17, while slightly less than the FY 2015-16 budget, represents a 3 percent growth above FY 2014-15 actual performance. Expo's FY 2016-17 budget reflects its 3 percent rental rate increases and its book of business. With the addition of electronic signage, increased points of sale and a renewed culinary presence, expectations for a positive return on food and beverage revenue is expected for the year. The FY 2016-17 budget does not include a *Cirque du Soleil* event. If a Cirque event opportunity arises, Expo will accommodate it through a budget amendment.

Expo recently completed a number of sustainability projects focused on reducing expenses and is budgeting a handful of additional capital projects in FY 2016-17 targeted at implementing efficiencies including lighting fixture and control upgrades, water efficiency upgrades, and HVAC refurbishments. The efforts of this past year position Expo to focus on sales and increased revenues. With its MTOCA allocation, Expo will implement several security enhancements in response to breaches in 2016 as well as several marketing efforts that drive attendance and return visits to the campus.

## SIGNIFICANT CHANGES IN THE BUDGET

- Expo will receive up to \$1,016,740 from the MERC TLT Pooled Capital Account in reimbursement for approved capital project expenditures.
- Expo requested and received approval for the third time a \$280,000 General Fund Metropolitan Tourism Opportunity and Competitiveness Account (MTOCA) allocation. This allocation will fund marketing and operational improvement projects.
- For the first time, Expo will receive a \$130,000 subsidy of MERC Administration charges.

- FTE Changes - eliminated 0.50 FTE part-time limited duration Sales and Promotion Coordinator I position and replaced with a temporary part time Services Sales Coordinator, to better meet the business needs of the Expo Sales and Marketing efforts.

**PERFORMANCE MEASURES**

Number of Events.

| 13/14* | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|--------|-------|-------|-------|-------|-------|-------|
| 154    | 112   | 112   | 112   | 113   | 114   | 115   |

\*Cirque du Soleil host years

Food and Beverage Margin.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 13.9% | 11.4% | 14.4% | 14.8% | 14.4% | 14.4% | 14.4% |

Ratio Operating Revenue to Expenditures.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 97%   | 94.5% | 98%   | 97%   | 94%   | 93%   | 93%   |

**PROGRESS ON FY 2015-16 KEY OBJECTIVES**

- Engage in proactive measures to mitigate increased costs generated from Multnomah County Drainage District and Bureau of Environmental Services policy changes. – In Progress - Leadership continues to explore a variety of strategic options and several scenarios for Expo’s future that have been identified utilizing a wide range of financial tools, data analysis and key partnerships.
- Create and develop new events and sponsorship and advertising opportunities to expand into new markets and conduct community outreach in a more diverse, equitable and inclusive manner. – Ongoing - Expo staff successfully created a six-event drive-in movie series that proved very successful especially from a sponsorship revenue and community outreach perspective.
- Expand teambuilding and communication amongst Expo, Pacificwild and City Center staff. Develop understanding of revenue goals amongst all teams. – Ongoing - Inter-departmental communication continues to be a focus with more team-building needed.
- Engage with the Metro Council on developing scenarios for the future of Expo and their options for implementation. – Ongoing - Awareness regarding the Expo Center and its role within Metro’s mission has grown over time. Leadership continues to explore a variety of strategic options and several scenarios for Expo’s future that have been identified utilizing a wide range of financial tools, data analysis and key partnerships.

**KEY OBJECTIVES FOR FY 2016-17**

- Develop strategies and data analysis that support a long-term funding proposal for inclusion of the Portland Expo Center within the Visitor Facility Trust Account (VFTA).
- Implement strategies and a staff-driven culture that supports operating revenue enhancement and continued cost containment for the long-term.
- Extend Expo’s capital project plan to 2025 maintaining healthy reserves.
- Expand the region’s understanding of the complete history, role and economic impact of the Expo Center campus and the numerous public events we host.

- Develop an event production team that drives new revenue streams through event development, sponsorship/advertising, and use of key dates that create lasting community benefits for our stakeholders.
- Continue MTOCA funded and brand-centric improvements to the existing campus that enhance the customer experience and support a modern, welcoming and vital event campus.

## Summary of the Oregon Zoo

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 18,737,931            | 19,596,088            | 21,861,078            | 22,650,246             | 22,650,246             | 22,512,033            | 2.98%                                  |
| Materials and Services                             | 12,862,708            | 12,707,538            | 14,405,235            | 14,218,526             | 14,218,526             | 14,230,751            | (1.21%)                                |
| Capital Outlay                                     | 23,887,548            | 28,167,254            | 24,171,786            | 9,292,421              | 9,292,421              | 9,395,633             | (61.13%)                               |
| Debt Service                                       | 385,230               | 397,600               | 403,650               | 165,825                | 165,825                | 165,825               | (58.92%)                               |
| <b>TOTAL</b>                                       | <b>\$55,873,416</b>   | <b>\$60,868,479</b>   | <b>\$60,841,749</b>   | <b>\$46,327,018</b>    | <b>\$46,327,018</b>    | <b>\$46,304,242</b>   | <b>(23.89%)</b>                        |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Asset Management Fund                      | 883,265               | 1,484,482             | -                     | -                      | -                      | -                     |  |
| General Revenue Bond Fund                          | 385,230               | 397,600               | 403,650               | 165,825                | 165,825                | 165,825               | (58.92%)                               |
| Oregon Zoo Asset Management Fund                   | 1,381,182             | 4,345,031             | 6,076,314             | 3,216,628              | 3,216,628              | 3,319,840             | (45.36%)                               |
| Oregon Zoo Infrastructure/Animal Welfare Fund      | 22,799,829            | 23,411,400            | 19,838,503            | 6,960,902              | 6,960,902              | 6,952,452             | (64.95%)                               |
| Oregon Zoo Operating Fund                          | 30,316,706            | 30,994,502            | 34,523,282            | 35,983,663             | 35,983,663             | 35,866,125            | 3.89%                                  |
| Parks and Natural Areas Local Option Levy Fund     | 107,204               | 235,464               | -                     | -                      | -                      | -                     |  |
| <b>TOTAL</b>                                       | <b>\$55,873,416</b>   | <b>\$60,868,479</b>   | <b>\$60,841,749</b>   | <b>\$46,327,018</b>    | <b>\$46,327,018</b>    | <b>\$46,304,242</b>   | <b>(23.89%)</b>                        |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>174.85</b>         | <b>187.15</b>         | <b>198.65</b>         | <b>198.60</b>          | <b>198.60</b>          | <b>198.60</b>         | <b>(0.03%)</b>                         |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>(0.05)</b>                          |

The Oregon Zoo's mission is to inspire visitors to learn about endangered species protection and take action toward native habitat restoration. As the state's most popular paid attraction, it is uniquely positioned to advance that mission.

## MAJOR PROGRAMS

The Oregon Zoo activity is budgeted in three funds: the Oregon Zoo Operating Fund, the Oregon Zoo Capital Asset Management Fund and the Oregon Zoo Infrastructure and Animal Welfare Fund. It is organized into divisions, including Living Collections, Education, Guest Services, Facilities Management, Marketing, Administration and the Zoo 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 Elephant Lands and Related Infrastructure, Education Center, and Polar Bear, Primate and Rhino habitats.

## BUDGET ENVIRONMENT

Revenues are based on attendance of 1.70 million, the same as FY 2015-16 and an actual attendance of 1,558,495 in FY 2014-15. The attendance projection is based on the recently opened of the Elephant Lands habitat, staging 16 premium concerts, and a temporary hiatus from construction activity on zoo grounds. In addition, Operating Fund revenue drivers include increased sales commissions from the gift shop operator and the implementation of seasonal admissions pricing. Capital construction will

continue to present a revenue challenge, as the Education Center will be under construction until January 2017. Construction related displays and exhibits have been installed to engage guests in the excitement of the new exhibits. State legislation regarding minimum wage will have a minimal effect on personnel expenditures in the FY 2016-17 budget, due to its phased approach. The budgetary impact in subsequent years could be significant and are unknown due to other influencing factors such as collective bargaining.

## SIGNIFICANT CHANGES IN THE BUDGET

### Personnel Changes

- Added a 0.5 FTE Education Specialist I for the Insect Zoo program in the Living Collections division.
- Created a 1.0 FTE Program Supervisor I in the Marketing Division.
- Eliminated a vacant 0.5 FTE Associate Visual Communication Designer in the Marketing division.
- Reduced a full-time Administrative Specialist III to 0.5 FTE in the Marketing division.
- Increased a current Education Specialist II position in the Natural Areas program by 0.2 FTE.
- Eliminated 0.75 FTE of an Education Specialist III position in the Education division.

### Non-Personnel Changes

- This is the second year the Oregon Zoo is budgeted as an enterprise fund – the Oregon Zoo Operating Fund – separate from the General Fund. As such, there is now a beginning fund balance budgeted for the Oregon Zoo Operating Fund.
- Revenues and expenditures related to visitor activity have been increased to reflect growth in forecasted attendance.
- Approximately \$625,000 of one-time expenditures were included in the FY 2015-16 budget and subsequently removed from the FY 2016-17 budget. These items included expenditures such as medicine and animal food related to tuberculosis treatment in the elephant herd and marketing costs related to the new habitat opening.
- Added a transfer of \$250,000 from the Zoo Operating Fund to the Zoo Asset Management Fund to ensure sufficient funding of Renewal and Replacement projects.

## PERFORMANCE MEASURES

Total conservation education program attendance (thousands).

| <b>13/14</b> | <b>14/15</b> | <b>15/16</b> | <b>16/17</b> | <b>17/18</b> | <b>18/19</b> | <b>19/20</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>269</b>   | <b>169</b>   | 205          | 215          | 220          | 222          | 223          |

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

| <b>13/14</b> | <b>14/15</b> | <b>15/16</b> | <b>16/17</b> | <b>17/18</b> | <b>18/19</b> | <b>19/20</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>106%</b>  | <b>99%</b>   | 99%          | 100%         | 100%         | 100%         | 100%         |

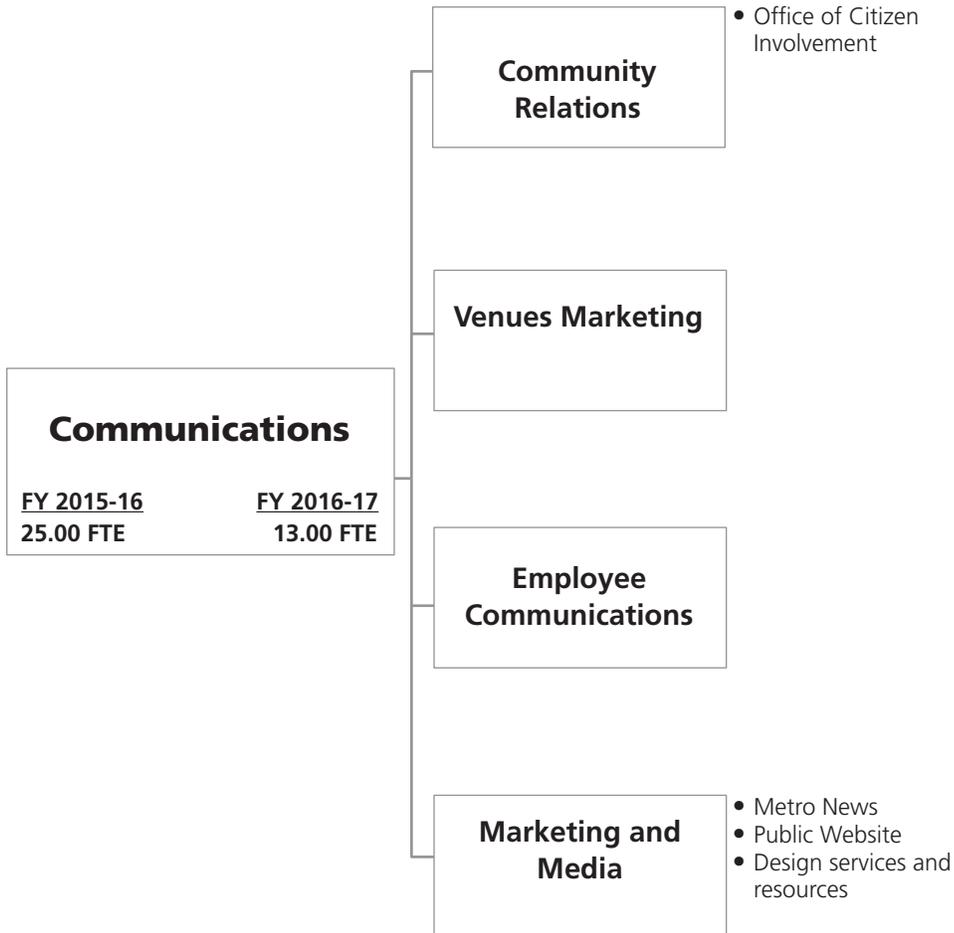
## **PROGRESS ON FY 2015-16 KEY OBJECTIVES**

- The Metro Construction Project Management Office successfully executed major capital repairs to the Steller Cove habitat, as well as several smaller scale projects.
- A new zoo director was hired in February 2016.
- Increase internal efficiencies and communication through the work of the new strategic initiatives program manager.
- Procurement for design consultants and general contractor for the Polar Bear habitat occurred on schedule.
- The grand opening for Elephant Lands occurred in December 2015, with additional public events through the spring.

## **KEY OBJECTIVES FOR FY 2016-17**

- Continue the successful execution of the Oregon Zoo Bond program, by completing the Education Center construction on-time and on-budget.
- Identify and apply organizational development interventions and modifications to support successful execution of the Zoo Strategic Plan.
- Create a set of performance measures that better link budgetary data to desired operational outcomes.





## Summary of Communications

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 2,404,070             | 2,696,035             | 3,010,548             | 1,585,215              | 1,585,215              | 1,650,084             | (45.19%)                               |
| Materials and Services                             | 153,574               | 287,738               | 134,070               | 203,592                | 203,592                | 196,898               | 46.86%                                 |
| Capital Outlay                                     | 1,650                 | -                     | -                     | -                      | -                      | -                     |  |
| <b>TOTAL</b>                                       | <b>\$2,559,293</b>    | <b>\$2,983,773</b>    | <b>\$3,144,618</b>    | <b>\$1,788,807</b>     | <b>\$1,788,807</b>     | <b>\$1,846,982</b>    | <b>(41.27%)</b>                        |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 2,557,643             | 2,975,773             | 3,144,618             | 1,788,807              | 1,788,807              | 1,846,982             | (41.27%)                               |
| General Asset Management Fund                      | 1,650                 | 8,000                 | -                     | -                      | -                      | -                     |  |
| <b>TOTAL</b>                                       | <b>\$2,559,293</b>    | <b>\$2,983,773</b>    | <b>\$3,144,618</b>    | <b>\$1,788,807</b>     | <b>\$1,788,807</b>     | <b>\$1,846,982</b>    | <b>(41.27%)</b>                        |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>22.25</b>          | <b>25.00</b>          | <b>25.00</b>          | <b>12.00</b>           | <b>12.00</b>           | <b>13.00</b>          | <b>(48.00%)</b>                        |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>(12.00)</b>                         |

Communications advocates for the people who live in the Portland area by ensuring they are aware of and understand Metro's work and are able to make their voices heard in Metro decisions. Communications serves as the people's liaison with Metro's elected officials and staff. Communications helps make the most of public resources by working hard to align and leverage different MRC departments' work when there are shared audiences or communications needs.

Communications develops and implements innovative strategies and tactics to take advantage of the rapid changes in people's communication preferences and needs. Communications helps the public understand and connect to Metro's services. The department's goals are to build awareness, relationships and trust.

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 digital 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** focuses on connecting people with the Council, staff-level decision makers and agency programs and services through innovative and inclusive engagement tools like public opinion research, an online panel, map-based comment tool, community-specific focus groups, partnerships with community based organizations, events, media outreach, and publications.

Community relations engages the people who live in the Portland area and guides all community outreach staff and projects across MRC departments to ensure Metro's decision makers hear from the Portland area's diverse populations about their opinions, ideas and needs. The work supports Council priorities like the equity strategy, transportation and land use plans, parks and natural areas plans and garbage and recycling system plans and decisions.

Community Relations is partnering with Communications' Media and Marketing Division and Metro's Information Services Department to build a new contact management system for MRC-based departments and programs. Communications will provide strategy on how the tool can be used to build stronger relationships in the community and will lead administrative support for the implementation and operation of the system with support from administrative professionals in PES, Planning and Parks.

**Marketing and Media** is responsible for building a strong Metro story and voice and reliable, compelling and engaging content about Metro's people, projects and programs for online and print channels. Media and Marketing also provides earned media, crisis media and media strategy support for all Metro departments. The division's goal is to put the audience first to ensure people have ready access to clear news and information about Metro's policies, plans, programs and places.

The division coordinates marketing for MRC-based programs and projects, supporting education campaigns aimed at waste reduction, natural gardening,

toxics reduction, MetroPaint, recycling and regional travel options. Media and Marketing is the home of Metro News, which informs readers about Metro decisions with honest, transparent journalistic content. It's also the home of Our Big Backyard, a quarterly online magazine that informs and engages nature lovers and others in the Portland area with feature oriented content about Metro's parks, natural areas and nature education programs.

**Employee communications** supports the Chief Operating Officer's weekly message to Metro employees and coordinates intranet content. Employee communications also provides strategy and support for employee communications and engagement around management practices and policies, human resources, benefits, and other internal Metro matters.

**Shared services** – Communications manages Metro Regional Center-based media “channels” like Facebook, Twitter, bulk email and more. Communications provides web and design strategy and services for all Metro departments. It also provides website content, user experience evaluation and analytics, interactive, print and display products for MRC-based programs. Communications provides brand direction, templates, signage, and other “identity” products for MRC-based programs. Communications provides support for MRC-based business cards, nameplates, letterhead and envelopes. And, Communications supports notices for and cable broadcast of Metro Council meetings.

**Venues marketing** has a dotted line relationship to Communications. Visitor Venues request Communications support as needed with strategic and earned media, issues management and public relations as well as marketing, design, signage and web projects.

## **BUDGET ENVIRONMENT**

Communications has established strong working relationships with the Metro Regional Center-based departments, in particular Property and Environmental Services, Planning and Development, and Parks and Nature. Each of those line departments participated in forecasting exercises that identified needed communications resources for the upcoming fiscal year. Those resources have been reserved within each of the line departments' budgets.

## **SIGNIFICANT CHANGES IN THE BUDGET**

- Communications and Finance and Regulatory Services partnered to create a new funding model for Communications. Instead of a mix of direct and cost-allocated staff members, Communications now is funded in two categories. A group of Communications staff who focus on Metro-wide projects and services remain cost allocated. The three Communications work teams that focus respectively on Property and Environment Services, Planning and Development and Parks and Nature are now directly paid for by those departments to reduce the complexity of previous cost-transfers and to better align resources with agency priorities.
- Communications received a \$75,000 increase in its base materials and services budget to reflect the need to maintain the systems and structures that facilitate information sharing and engagement across Metro.
- Communications added a new 1.0 FTE supervisor for the work team that supports Property and Environmental Services. The addition provides parity for PES when compared with Planning and Parks and Nature and will help ensure major solid waste projects receive sufficient support.
- Added a limited duration 1.0 FTE Video and Photography technician.

## PERFORMANCE MEASURES

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
|       |       | *     |       |       |       |       |

\*Fifty one percent of respondents in a June 2015 telephone survey had a favorable opinion of Metro while 20 percent had an unfavorable opinion. In an unaided, open-ended question asking name the first few things that come to mind when you hear Metro, 43 percent of respondents correctly identified a Metro function.

\*An April 2015 online poll (with an independent, private panel) found 21 percent of people who had lived in the Portland area for more than 10 years recognized the Metro logo and that 6 percent of those who had lived here for less than five years recognized the logo.

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 72%   | *     | *     | 80%   | 80%   | 80%   | 80%   |

\* Survey will be conducted again in the future but was not conducted this FY.

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.”

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 35.9% | *     | *     | 65%   |       |       | 65%   |

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

| 13/14 | 14/15 | 15/16  | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|--------|-------|-------|-------|-------|
| *     | *     | **67.5 |       |       |       |       |

\*\*Completed web improvement cycle and user testing plan in FY2014-15 for implementation in 2015-16. From August 2015 through January 2016 the average level of website visitor satisfaction from surveys of randomly selected users was 67.5 percent. The previous survey (FY 12/13) used a different methodology.

## PROGRESS ON FY 2015-16 KEY OBJECTIVES

- Implementation of the integrated parks and natural areas marketing campaign and public outreach and education program to build support for natural areas development is underway. Staff reached more than 2,000 at Blue Lake Park International Food Fair and other hundreds of others at several place-based engagement activities and events.
- Built support for community investments, integrated corridors and the “My Place” program through coordinated outreach to stakeholders, community leaders and members of the public. Won an international award for public engagement work on the Powell-Division Transit Project.
- Development of Metro’s contact management system is on track for launch in 2016. The system will improve business processes across the agency, support better stakeholder relationship tracking and coordination, and enable the public to more easily manage their own subscriptions and engagement with Metro.
- Development of an agency-wide youth engagement strategy that will coordinate and guide the work the agency does in the areas of youth education, civic engagement and employment.
- Worked on the coordinated Metro narrative and an umbrella content planning and marketing work system is showing results in the development and implementation of a new Metro identity system including logo, templates, guides and resources.

- Enhanced Metro News and invested in dynamic content and digital promotion that has yielded great results. Readership of Metro news pages is now approaching nearly 10 percent of all site traffic. From July 1, 2015 to February 17, 2016, Metro News had 78,475 visitors compared to 37,104 visitors for the same time period the previous year. That is a growth rate of 111.5 percent. Page views have grown even more, going from 59,647 to 136,876, or 129 percent growth.
- Developed a strategy and approach to better partner and build relationships with community based organizations that serve or work with underserved populations.
- Implemented phase two of the strategic marketing plans for MetroPaint, Natural Gardening, regional travel options and coordinated living programs. The unified approach increased web visits and online engagement.
- The web team – with representatives from Communications and Information Services – continues to manage and improve the Metro website and collaborate with web partners from the venues to maintain and develop our shared platform and the full family of Metro websites.

## **KEY OBJECTIVES FOR FY 2016-17**

Communications is focusing on five areas to build on ongoing cross-department collaboration. The five areas are described below.

### **1. Engage underserved communities**

In addition to engaging with the community, Communications consulted with Metro’s charter-required Public Engagement Review Committee, the Diversity, Equity and Inclusion Program, multi-department ad hoc engagement work teams, the External Services Focus Team, the Diversity Action Plan hiring subcommittee, selected project managers and the cabinet to develop and refine priorities for improving engagement and partnership with underserved communities. Communications will partner with others across the agency and in the community to further build upon successful best practices, like community specific focus groups and partnering with community based organizations to co-create approaches to inclusive outreach and engagement, and more.

This work helps implement the Metro Council’s strategic goal 6. They help build trust, which is Metro’s key resource consistent with the Metro Compass. They support cross-department coordination. They help implement the DEI strategy. They help better connect people to decisions and decisions makers that impact their lives. They reflect consistent and emphatic direction from underserved community members and community based organizations.

### **2. Increase awareness of Metro**

Communications worked with outside experts, opinion research, the External Services Focus Team and the Venues marketing team to ensure a successful roll out and transition to a new and improved Metro identity and the systems and structures that support increased awareness of Metro. This work also will help improve internal understanding about how each employee’s work contributes to Metro’s success. Successfully implementing new design guides, tools and templates will improve efficiency, reduce costs and improve public awareness and internal alignment.

In addition, implementation of the Customer Relationship Management system project during FY 2016-17 will improve Metro’s capacity to track and monitor contacts with people across the Portland region and provide additional information to guide management of communications resources.

### **3. Understand the people we serve**

Smart, timely research about the opinions and needs of the people Metro serves informs policy decisions, funding measures, inclusive engagement and customer service across Metro. Communications partnered with the RISE Team, GAPD and others to conduct comprehensive public opinion research about a range of Metro priorities. That collaboration resulted in cost-effective use of resources and will be repeated going forward.

Communications will use newly approved resources to build on the recent research about Portland-area attitudes and priorities, while also developing strategies for engaging underserved communities and re-engaging the 25,000 members of Metro's online opinion panel consistent with audit findings and consultant recommendations developed with MPAC, JPACT, TPAC and MTAC during 2014.

### **4. Make the most of Metro's online channels**

Metro completed the relaunch of all of its websites in 2015. Metro's improved sites provide a great foundation for effective communications, marketing and engagement. Recent projects such as a map-based engagement tool and news content enhancements have provided benefits across Metro by leveraging investments for the greatest good.

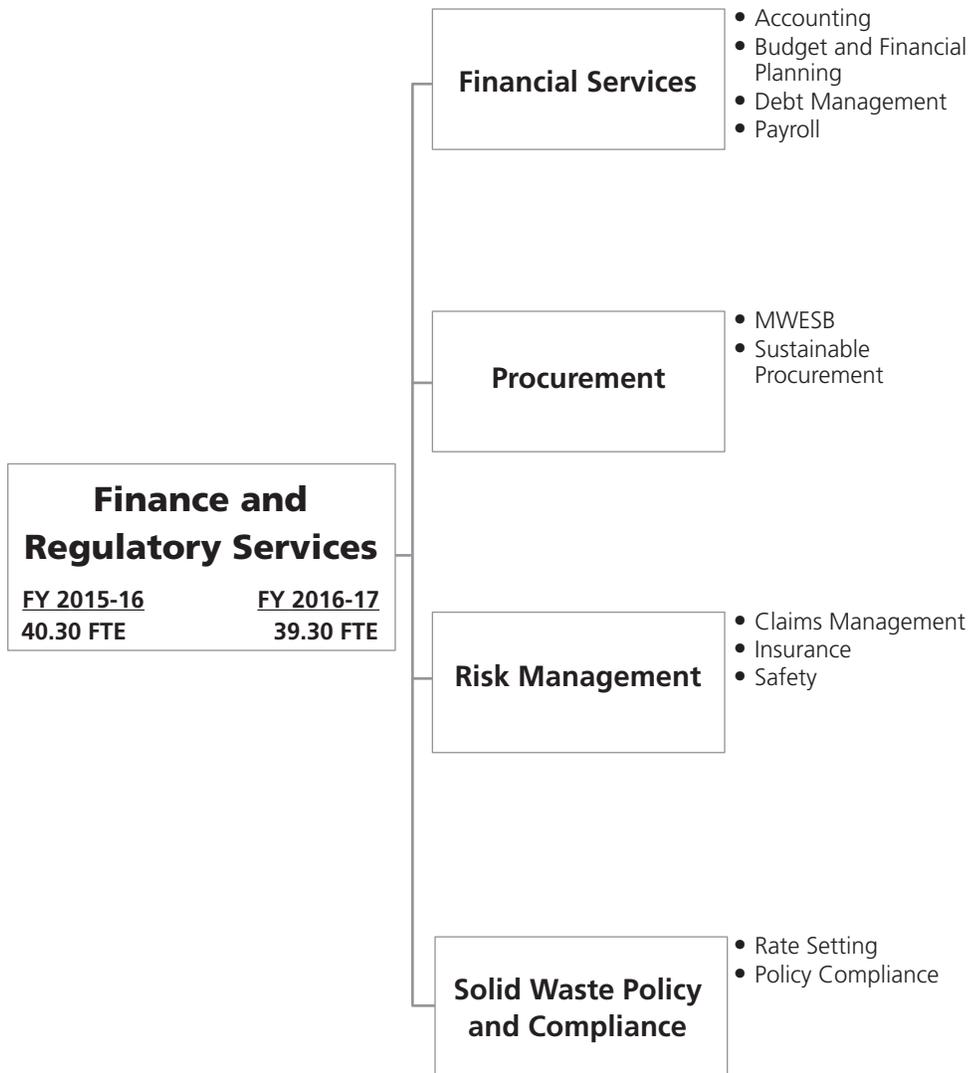
Communications for the first time will be able to provide the Metro-wide web team with a small budget for the team to access so key staff may focus on larger improvement projects like Expo's mobile improvements, a potential zoo website refresh, translation, closed captioning of videos and more.

### **5. Improve design resources**

Thanks to the great work of Metro departments and venues, demand for design and production assistance is at an all-time high. Communications will step up its use of contracted design services. In addition, Communications also will provide improved services via implementation of the new Metro identity and a suite of new tools, systems and structures that will improve consistent use of Metro visual standards to improve overall awareness of Metro.



# Finance and Regulatory Services



## Summary of Finance and Regulatory Services

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 3,849,856             | 4,162,142             | 4,587,245             | 4,511,421              | 4,511,421              | 4,165,815             | (9.19%)                                |
| Materials and Services                             | 2,898,058             | 2,039,727             | 3,418,240             | 3,367,833              | 3,367,833              | 3,367,833             | (1.47%)                                |
| Capital Outlay                                     | 9,153                 | 25,000                | -                     | -                      | -                      | -                     |  |
| <b>TOTAL</b>                                       | <b>\$6,757,068</b>    | <b>\$6,226,868</b>    | <b>\$8,005,485</b>    | <b>\$7,879,254</b>     | <b>\$7,879,254</b>     | <b>\$7,533,648</b>    | <b>(5.89%)</b>                         |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 4,089,742             | 4,440,583             | 4,942,491             | 5,227,648              | 5,227,648              | 4,882,767             | (1.21%)                                |
| General Asset Management Fund                      | 9,153                 | 25,000                | -                     | -                      | -                      | -                     |  |
| Risk Management                                    | 2,221,708             | 1,122,207             | 2,480,980             | 2,552,703              | 2,552,703              | 2,552,703             | 2.89%                                  |
| Solid Waste Fund                                   | 436,464               | 639,078               | 582,014               | 98,903                 | 98,903                 | 98,178                | (83.13%)                               |
| <b>TOTAL</b>                                       | <b>\$6,757,068</b>    | <b>\$6,226,868</b>    | <b>\$8,005,485</b>    | <b>\$7,879,254</b>     | <b>\$7,879,254</b>     | <b>\$7,533,648</b>    | <b>(5.89%)</b>                         |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>48.50</b>          | <b>42.00</b>          | <b>40.30</b>          | <b>38.30</b>           | <b>38.30</b>           | <b>39.30</b>          | <b>(2.48%)</b>                         |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>(1.00)</b>                          |

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, 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, payroll, 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 the agency safety program, general liability and property claims. Risk Management purchases workers' compensation insurance but the workers' compensation program is administered by the Human Resources department. The Risk Management Fund is managed to meet actuarial standards, relying on both purchased insurance and self-insured risk management techniques.

**Solid Rate Setting** – FRS sets Solid Waste Rates at Metro owned facilities, excise tax and regional system fees based off of forecasting, modeling and analysis provided by Solid Waste Policy and Compliance.

### BUDGET ENVIRONMENT

In FY 2016-17 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 2016-17 budget. With the upgrade to PeopleSoft 9.2 behind us, FRS and IS will be looking to implement the supplier contract module in 2016-17.

The budget includes support for the Equity Contracting program in procurement. FY 2015-16 saw the continuation of increased outreach to MWESB firms, with open houses, proposal workshops for vendors and participation with Community Based Organizations to assist in delivering more contracts for MWESB firms.

### SIGNIFICANT CHANGES IN THE BUDGET

- Transferred 2.0 Solid Waste positions from FRS to PES during FY 2015-16. No changes in the funding sources as the division continues to be funded under the Solid Waste Revenue Fund.
- Added a new 1.0 FTE Program Analyst IV to assist with succession planning in the Financial Planning division.

## PERFORMANCE MEASURES

Percentage of contracts and contract dollars awarded to MWESB firms.

|             | <u>13/14</u> | <u>14/15</u> | <u>15/16</u> | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contract \$ | 15%          | 15%          | 15%          | 15%          | 15%          | 15%          | 15%          |
| Contract #  | 30%          | 35%          | 35%          | 35%          | 35%          | 35%          | 35%          |

Total Cost of Risk

|  | <u>13/14</u> | <u>14/15</u> | <u>15/16</u> | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | <0.67%       | <.1.0%       | <1.0%        | <1.0%        | <1.0%        | <1.0%        | <1.0%        |

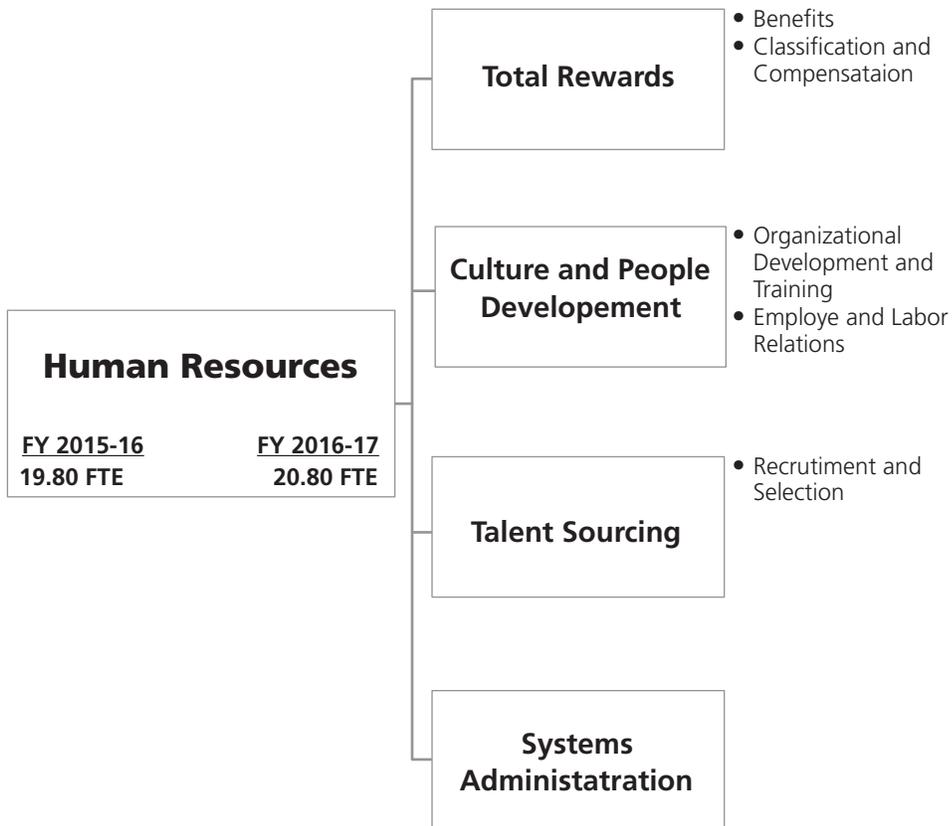
## PROGRESS ON FY 2015-16 KEY OBJECTIVES

- Completed PeopleSoft 9.2 upgrade.
- Progressing on PeopleSoft 9.2 enhancements.

## KEY OBJECTIVES FOR FY 2016-17

- Implement Supplier Contract Management Module in PeopleSoft.
- Complete Procurement Enhancement Project phase II with applicable code changes.
- Migrate to one consistent purchasing card system.

# Human Resources



## Summary of Human Resources

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 1,808,196             | 2,078,564             | 2,300,955             | 2,481,145              | 2,481,145              | 2,452,170             | 6.57%                                  |
| Materials and Services                             | 396,725               | 430,063               | 430,376               | 386,851                | 386,851                | 491,851               | 14.28%                                 |
| <b>TOTAL</b>                                       | <b>\$2,204,921</b>    | <b>\$2,508,627</b>    | <b>\$2,731,331</b>    | <b>\$2,867,996</b>     | <b>\$2,867,996</b>     | <b>\$2,944,021</b>    | <b>7.79%</b>                           |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 2,204,921             | 2,508,627             | 2,731,331             | 2,867,996              | 2,867,996              | 2,944,021             | 7.79%                                  |
| <b>TOTAL</b>                                       | <b>\$2,204,921</b>    | <b>\$2,508,627</b>    | <b>\$2,731,331</b>    | <b>\$2,867,996</b>     | <b>\$2,867,996</b>     | <b>\$2,944,021</b>    | <b>7.79%</b>                           |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>17.75</b>          | <b>19.00</b>          | <b>19.80</b>          | <b>20.80</b>           | <b>20.80</b>           | <b>20.80</b>          | <b>5.05%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>1.00</b>                            |

Human Resources serves as a respected business partner to provide strategic and sustainable human resources practices and systems in order for our customers to fulfill their mission.

## MAJOR PROGRAMS

Human Resources is a full service HR department providing benefits, classification and compensation, employee and labor relations, organization development and training, recruitment and selection, and systems administration for the agency.

Our primary roles include:

Support efficient and effective operations through: Providing an integrated total compensation program that attracts and retains talented and diverse employees at all levels in the organization while being responsive to business needs.

Support the management of risk through: 1) consulting and advising managers to offer solutions and promote a culture where employees thrive and are engaged and 2) Ensuring employment practices are compliant with contracts and legal mandates.

Provide high quality, timely and accurate customer service that is responsive to our customers' needs.

Enhance talent development in the agency by: 1) ensuring hiring is conducted in a manner that ensures a talented and diverse workforce and 2) managers have the resources and skills to develop staff.

HR is actively involved in the diversity efforts of the agency. The following provide an overview of some of the activities: attend over 25 job fairs a year, meet with community partners to explore how to best reach the respective communities they serve, oversee the FOTA program and actively work with the Communications department to enhance publicity of this program, have staff trained as trainers for the unconscious bias training, work closely with Diversity, Equity and Inclusion on a number of initiatives including outreach, internal training, cultural compass surveys and other employee and applicant engagements.

## Total Rewards

**Benefits** – Staff administers and monitors the following programs: Metro's health and welfare benefits, wellness, leave laws, workers' compensation, 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.

## Culture and People Development

**Organization Development and Training** – Lead organization change initiatives and provides training resources for staff, management and leadership development.

**Employee and Labor Relations** – Staff represents Council and management in labor negotiations. and serve as a resource for managers and all employees. Staff conducts employee related training and advises managers on ways to reduce employment risk and also conducts employment related investigations.

## Talent Sourcing

**Recruitment and Selection**– Recruitment and retention staff work to attract, select and retain an exceptionally talented, engaged and diverse workforce. They work closely with the hiring manager and Diversity Action Team to carry out the organization's goals of recruiting and retaining a diverse workforce.

**Systems Administration** – Ensures data integrity in Human Resources Information System and develop analytics for agency.

### **BUDGET ENVIRONMENT**

A continuing issue is balancing total rewards that are competitive in the market with the agency’s budget. This year under the Affordable Care Act, Metro extending health benefit coverage to additional employees and under State law extended sick leave to all employees. In the coming years, we anticipate increasing the minimum wages paid to employees under pending state legislation. Additionally we continually look to ways to increase employee engagement and diversity in the agency.

### **SIGNIFICANT CHANGES IN THE BUDGET**

There will be the addition of one labor and employee relations analyst to address workload demands. Funding will be placed in contingency for a recruitment analyst to further the diversity and equity work as it relates to recruitment and selection at Metro, pending review of HR staffing and development of coordinated diversity spending plan.

### **PERFORMANCE MEASURES**

Human Resources staff is consistent with industry standards of HR to employee ratio.

| <u>13/14</u> | <u>14/15</u> | <u>15/16</u> | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1:98         | 1:97         | 1:105        | 1:100        | 1:100        | 1:100        | 1:100        |

Progress made toward reaching goals as set forth in the affirmative action plan.

Number of areas with goals met – out of 16 areas

| <u>13/14</u> | <u>14/15</u> | <u>15/16</u> | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|              | 12           | 12           | goal 16      |              |              |              |

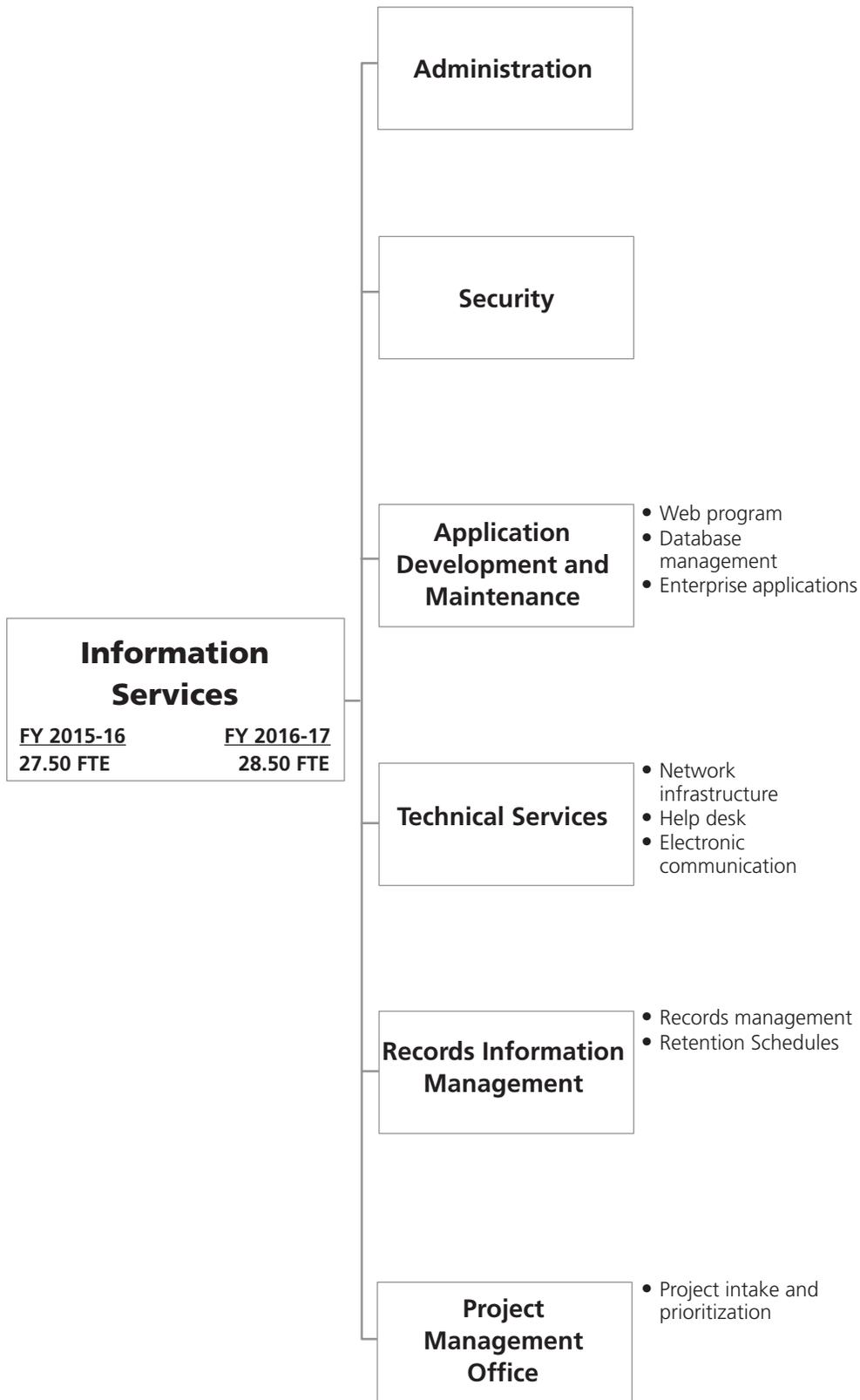
### **PROGRESS ON FY 2015-16 KEY OBJECTIVES**

- Increased outreach efforts and developed a roadmap for increasing diversity in recruitment and selection of staff.
- Conducting successor negotiations with ILWU 28, IATSE 28 and IATSE B-20 and are in initial negotiations with IATSE Local 28-1 (new formed bargaining unit)
- Implemented the Affordable Care Act provisions which included expanding health insurance coverage to additional employees and also implemented sick leave for all employees.
- Completed the update of the Affirmative Action Plan including incorporating the Diversity Action Plan elements into this document.
- Working to completed the work on the alignment of classifications in the agency.
- Updated the HR’s 3 year mission critical document and are in process of creating an overall strategic plan for human resources of the agency.
- A coaching course has been launched for leadership in the agency.

### **KEY OBJECTIVES FOR FY 2015-16**

- Work with hiring managers to implement more intentional and deliberate practices in the recruitment and selection process in order to effectively increase diversity in hiring.
- Assist managers in employing a coaching mindset and building employee satisfaction and trust.
- Prepare for and negotiate the AFSCME 3580 and LiUNA successor collective bargaining agreements
- Review alignment of non-represented classifications in the agency and review total rewards to ensure they attract and retain employees while being responsive to agency budget.

# Information Services



## Summary of Information Services

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 2,895,334             | 3,104,709             | 3,315,999             | 3,427,684              | 3,427,684              | 3,497,934             | 5.49%                                  |
| Materials and Services                             | 812,915               | 1,088,462             | 1,390,615             | 1,700,710              | 1,700,710              | 1,738,960             | 25.05%                                 |
| Capital Outlay                                     | 445,568               | 249,219               | 1,106,955             | 1,182,036              | 1,182,036              | 1,192,036             | 7.69%                                  |
| <b>TOTAL</b>                                       | <b>\$4,153,816</b>    | <b>\$4,442,390</b>    | <b>\$5,813,569</b>    | <b>\$6,310,430</b>     | <b>\$6,310,430</b>     | <b>\$6,428,930</b>    | <b>10.58%</b>                          |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 3,740,878             | 4,055,078             | 4,652,631             | 4,870,288              | 4,870,288              | 4,968,788             | 6.80%                                  |
| General Asset Management Fund                      | 412,938               | 387,311               | 1,160,938             | 1,440,142              | 1,440,142              | 1,460,142             | 25.77%                                 |
| <b>TOTAL</b>                                       | <b>\$4,153,816</b>    | <b>\$4,442,390</b>    | <b>\$5,813,569</b>    | <b>\$6,310,430</b>     | <b>\$6,310,430</b>     | <b>\$6,428,930</b>    | <b>10.58%</b>                          |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>27.50</b>          | <b>27.50</b>          | <b>27.50</b>          | <b>27.50</b>           | <b>27.50</b>           | <b>28.50</b>          | <b>3.64%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>1.00</b>                            |

Information Services provides the professional skills, strategies, services and tools to deliver technical and information solutions for all Metro departments in order to serve its customers and constituents and to achieve the goals of the agency. 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, information security, planning, 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, 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 in today's world is continuing to evolve. Demands on the Information Services department are increasing at an ever growing rate. New applications, particularly cloud and enterprise applications that cross departmental boundaries, are on the rise. Departmental demand for new services, applications and resources is at an all-time high. At the same time, security concerns and regulatory and compliance

requirements are exerting more pressure on already strained resources. On a positive note, many of the technologies that have promised relief are becoming more mature and affordable for the public sector. The Information Services department is continuously evaluating different delivery models to see where they make strategic sense for the agency. Cloud services are definitely a delivery strategy for our future. As costs continue to lower for these services, and they become more mature, we will employ an even greater adoption of them.

### SIGNIFICANT CHANGES IN THE BUDGET

- Backup and Recovery Solution (\$250,000). Metro’s databases, file systems and programs have grown exponentially in the last several years. Our current backup solution is not robust enough to handle backing up all of the systems regularly and on a timely basis. Backup times have to be juggled to accommodate all of the systems. Some systems are only backed up weekly. Occasionally jobs time out due to contention. We use old technologies, which include disks to disk and tape.
- Payment Card Compliance Remediation (\$250,000). Metro has been working on compliance with the Purchasing Card Institute Data Security Standards (PCI-DSS). As a merchant who accepts payment cards, compliance is mandatory. We also have an obligation to our customers to protect their credit card information. Among the 350+ requirements is the need to segment payment systems. With Metro’s diverse line of business operations and 30 payment applications, this is a complex and time-consuming undertaking. This is the first phase of remediation.
- Application Roadmap for Oregon Zoo Operations (\$150,000). Review, integrate, modernize and support enterprise systems within the Oregon Zoo to deliver maximum value for business operations. The zoo has 30+ applications. This project will seek to evaluate main systems and business needs, determine whether existing software systems are appropriate for the zoo’s needs and develop a roadmap to integrate and create reporting mechanisms to eliminate unsupported software and expand the zoo’s ability to respond to changes in the retail environment.
- Project Portfolio *Horizon Two* (\$75,000). Complete needed integrations to optimize the project portfolio management information system for Construction and Information Services project management offices. Includes interfaces to agency financial systems.
- Added a new 1.0 FTE System Administrator to serve as a backup database administrator.

### PERFORMANCE MEASURES

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 92%   | 95.2% | 92%   | 92%   | 92%   | 92%   | 92%   |

\*measured by annual customer survey

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

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 78%   | 97.6% | 82%   | 82%   | 82%   | 82%   | 82%   |

Percent uptime of HR Finance and timekeeping software.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| 99.5% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% |

Percent uptime of network, internet and email availability.

| <i>13/14</i> | <i>14/15</i> | <i>15/16</i> | <i>16/17</i> | <i>17/18</i> | <i>18/19</i> | <i>19/20</i> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>99.7%</i> |

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

| <i>13/14</i> | <i>14/15</i> | <i>15/16</i> | <i>16/17</i> | <i>17/18</i> | <i>18/19</i> | <i>19/20</i> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>30%</i>   |

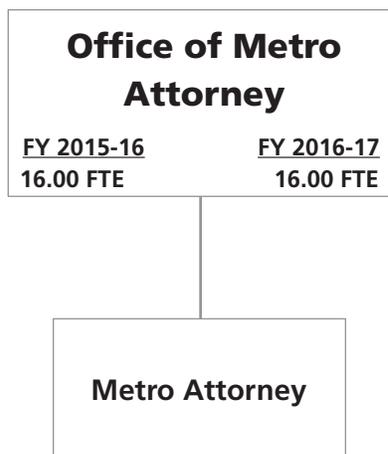
## **PROGRESS ON 2015-16 KEY OBJECTIVES**

- Successfully completed replacement of Metro’s Intranet using Microsoft SharePoint software. Additional functionality, such as remote logins, will be available at launch. Conversion of existing project sites and future buildout of collaboration sites is in process.
- Successfully completed project partnered with Solid Waste to create a data warehouse pilot for the Solid Waste Information System (SWIS). Project provides opportunities for expanded management and operational reporting and analysis.
- The project to refresh Council Broadcast Video systems with modernized high-definition capabilities is in process and expected to be completed in the current fiscal year. This project was funded, in part, by a grant from the Mt. Hood Cable Regulatory Commission.
- Implementation of an agenda management software for the Council is underway and expected to be completed by the end of the current fiscal year.
- Successful Implementation of a new firewall and security policies to protect key agency information assets and payment systems.
- Implementation of a video conferencing pilot project designed to reduce commute time and resources for Portland’s, zoo and staff at the Metro Regional Center is underway and is expected to complete in fall 2016.

## **KEY OBJECTIVES FOR FY 2016-17**

- Complete implementation of new backup and recovery system to provide better, more secure and reliable systems.
- Complete first remediation of PCI-DSS compliance.
- Complete application roadmap for the Oregon Zoo.
- Complete horizon two of the project portfolio management information system.
- Complete implementation of video conferencing pilot.
- Complete upgrade and new workflow for records management, including self-service public record requests.





## Summary of the Office of Metro Attorney

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 1,793,071             | 2,137,976             | 2,320,680             | 2,409,386              | 2,409,386              | 2,387,136             | 2.86%                                  |
| Materials and Services                             | 115,624               | 56,436                | 70,360                | 71,767                 | 71,767                 | 71,767                | 2.00%                                  |
| <b>TOTAL</b>                                       | <b>\$1,908,695</b>    | <b>\$2,194,412</b>    | <b>\$2,391,040</b>    | <b>\$2,481,153</b>     | <b>\$2,481,153</b>     | <b>\$2,458,903</b>    | <b>2.84%</b>                           |
| <b>BUDGET BY FUND</b>                              |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 1,908,695             | 2,194,412             | 2,391,040             | 2,481,153              | 2,481,153              | 2,458,903             | 2.84%                                  |
| <b>TOTAL</b>                                       | <b>\$1,908,695</b>    | <b>\$2,194,412</b>    | <b>\$2,391,040</b>    | <b>\$2,481,153</b>     | <b>\$2,481,153</b>     | <b>\$2,458,903</b>    | <b>2.84%</b>                           |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>15.00</b>          | <b>15.50</b>          | <b>16.00</b>          | <b>16.00</b>           | <b>16.00</b>           | <b>16.00</b>          | <b>0.00%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>0.00</b>                            |

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; representing the agency in quasi-judicial land use proceedings and judicial appeals; resolving trespass, encroachment and rights issues on Metro property, representing the agency in quasi-judicial labor proceedings, and providing other legal advice to Metro officers and employees. The Metro Attorney may initiate, defend or appeal litigation on behalf of Metro and as 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) who is appointed by the Metro Council; a Deputy Metro Attorney that supervises the paralegals/administrative staff, eight full-time equivalent (FTE) assistant and senior assistant attorneys; two paralegals; and four legal administrative assistants.

**BUDGET ENVIRONMENT**

OMA’s budget for FY 2016-17 includes budget assumptions for increases in salary and materials and services.

**SIGNIFICANT CHANGES IN THE BUDGET**

None.

**PERFORMANCE MEASURES**

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

| <b>13/14</b> | <b>14/15</b> | <b>15/16</b> | <b>16/17</b> | <b>17/18</b> | <b>18/19</b> | <b>19/20</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>0.90%</b> |

**PROGRESS ON FY 2015-16 KEY OBJECTIVES**

The office has achieved the following significant results:

- Removed key legal hurdles to Oregon Convention Center Hotel Project; obtained legal rulings and legal agreements providing pathway towards completion of Project and issuance of revenue bonds.
- Provided legal advice and services in support of land use, transportation, and solid waste planning projects, such as the Urban Growth Report, the 2014 Regional Transportation Plan, the SW Corridor plan and Powell-Division transit and development project, the Solid Waste Roadmap, the Climate Smart Communities Strategy, the Active Transportation Plan, and the Regional Infrastructure Strategic Enterprise (RISE); prepared and executed intergovernmental agreements with local jurisdictions for Community Planning and Development Grants from CET

funds; represented Metro in proceedings before the Land Conservation and Development Commission (LCDC) regarding remand of the urban and rural reserves decision by the Oregon Court of Appeals; defended Metro in Federal District Court against constitutional claims arising from the LCDC decision on urban and rural reserves.

- 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; preparation of intergovernmental agreements for the Willamette Falls Riverwalk; implementation of the Parks and Natural Areas Local Option Levy, and supporting the Climate Change Initiative; assisted staff during the legislative session to obtain beneficial and diffuse potentially harmful legislative amendments; resolved numerous natural area encroachments; assisted parks and nature staff in planning and constructing bond and levy projects; including park and access improvements, as well as significant habitat improvement and rehabilitation projects; and represented the agency before city and county local governments in quasi-judicial proceedings.
- Provided legal advice and services in support of the acquisition of real estate for future development and 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 Enterprising Places Workplan and grants transactions.
- 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 Oregon Zoo to pursue successful contracts; analyzed legal risk for defense of tort claims that led to reduced liability; successfully defended the Oregon Zoo in legal claims; provided legal services to appropriately respond to requests for public records; provided legal services assisting the implementation and oversight of the Oregon Zoo Bond Measure.
- Provide legal advice and service in support of the agency’s labor and employment matters; analyzed legal risk for defense of employment-related claims that led to reduced liability; successfully defended litigation in Multnomah County, before the Bureau of Labor & Industries, and at the Employment Relations Board; provided legal services related to the negotiation of labor contracts with union partners; provided legal advice and services for the implementation of new legislation including Oregon Sick Time Law.
- Drafted ballot titles in response to citizen initiatives; successfully defend said ballot titles in legal proceedings.

#### **KEY OBJECTIVES FOR FY 2016-17**

- In support of Metro’s goals of safe and reliable transportation and vibrant communities, advise Metro on land use and transportation matters; provide legal advice and assistance in support of Metro Council decisions regarding finalizing the Urban Growth Report and potential UGB expansion analysis; assist Metro in pursuing local compliance with Metro planning requirements and support Metro’s pursuit of federal transportation funding.
- Refine Metro’s ballot initiative process; continue legal and strategic advice for Oregon Convention Center Project;

- In support of Metro's goals of public access and clean air and water and sustainability, advise Metro regarding solid waste planning matters (for example making better use of landfill capacity, removing food scraps from the waste stream, converting waste to energy and other Solid Waste Roadmap projects); assist with the Metro Parks portfolio, including park and universal access improvements, expansions and funding; obtain master plan and related plan amendment approvals to embed Metro's Regional Park system in each county; 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, including joint development agreements with the site owners and other government partners at Willamette Falls, and provide legal advice, contract drafting, transactional, and land use support to Metro parks in support of the Parks and Natural Areas Local Option Levy.
- In support of Metro's goals of economic prosperity and equity, advise Metro regarding the Community 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 real estate acquisition and 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 the 2008 Oregon Zoo bond measure and Zoo Master Plan; support ongoing actions leading to the construction of the proposed OCC Hotel, including issuing the revenue bonds necessary to finance the project in accordance with the Development and Financing Agreement entered into with 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 for the Diversity, Equity and Inclusion program. Provide ongoing timely public records action legal analysis and support to all departments. Advise and draft amendments updating the Metro Public Contracting Code. The Office of Metro Attorney has established a Legal Intern program that is focused on hiring minority and under-represented law students to provide legal work in OMA. Attorneys in the Office of Metro Attorney mentor and provide legal training to these law interns to provide them with skills and experience to prepare them for legal practice.



**Non-  
departmental  
summary**



## Summary of Non-departmental expenses

|  | Audited<br>FY 2013-14 | Audited<br>FY 2014-15 | Amended<br>FY 2015-16 | Proposed<br>FY 2016-17 | Approved<br>FY 2016-17 | Adopted<br>FY 2016-17 | % Change<br>From<br>Amended<br>2015-16 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|--|
| <b>BUDGET BY CLASSIFICATION</b>                    |                       |                       |                       |                        |                        |                       |  |
| Personnel Services                                 | 99,458                | -                     | -                     | -                      | -                      | -                     | 0.00%                                  |
| Materials and Services                             | 3,644,745             | 4,104,750             | 6,003,912             | 5,372,000              | 5,372,000              | 5,222,000             | (13.02%)                               |
| Capital Outlay                                     | 244,311               | -                     | 239,150               | 100,000                | 100,000                | 100,000               | (58.19%)                               |
| Debt Service                                       | 38,067,746            | 103,585,943           | 31,763,507            | 33,242,780             | 33,242,780             | 33,242,780            | 4.66%                                  |
| Internal Service Transfers                         | 3,507,438             | 2,059,900             | 6,162,419             | 7,274,733              | 7,274,733              | 7,134,046             | 15.77%                                 |
| Interfund Reimbursements                           | 12,398,211            | 14,113,695            | 15,935,080            | 16,556,552             | 16,556,552             | 16,556,552            | 3.90%                                  |
| Fund Equity Transfers                              | 17,125,884            | 20,545,926            | 26,838,473            | 24,022,943             | 24,022,943             | 24,823,893            | (7.51%)                                |
| Interfund Loans                                    | 2,361,980             | 1,731,150             | 1,933,577             | 2,666,067              | 2,666,067              | 2,666,067             | 37.88%                                 |
| <b>TOTAL</b>                                       | <b>\$77,449,773</b>   | <b>\$146,141,364</b>  | <b>\$88,876,118</b>   | <b>\$89,235,075</b>    | <b>\$89,235,075</b>    | <b>\$89,745,338</b>   | <b>0.98%</b>                           |
| <b>BUDGET BY ORGANIZATION</b>                      |                       |                       |                       |                        |                        |                       |  |
| General Fund                                       | 22,841,882            | 23,976,143            | 26,676,848            | 24,465,304             | 24,465,304             | 24,315,304            | (8.85%)                                |
| Community Enhancement Fund                         | 75,504                | 58,951                | 60,514                | 868,310                | 868,310                | 868,310               | 1334.89%                               |
| General Asset Management Fund                      | 197,412               | -                     | 1,311,500             | 210,000                | 210,000                | 214,625               | (83.64%)                               |
| General Obligation Debt Service Fund               | 36,347,675            | 101,955,429           | 29,901,625            | 31,310,742             | 31,310,742             | 31,310,742            | 4.71%                                  |
| General Revenue Bond Fund                          | -                     | -                     | 265,000               | -                      | -                      | -                     | (100.00%)                              |
| MERC Fund  | 5,088,997             | 5,414,178             | 9,001,335             | 9,527,855              | 9,527,855              | 9,797,330             | 8.84%                                  |
| Natural Areas Fund                                 | 1,572,471             | 1,604,683             | 3,093,306             | 3,092,111              | 3,092,111              | 3,120,936             | 0.89%                                  |
| Oregon Zoo Asset Management Fund                   | -                     | -                     | 198,400               | -                      | -                      | -                     | (100.00%)                              |
| Oregon Zoo Infrastructure/Animal Welfare Fund      | 242,153               | 366,831               | 704,656               | 667,418                | 667,418                | 675,868               | (4.09%)                                |
| Oregon Zoo Operating Fund                          | 3,322,728             | 3,535,651             | 3,956,888             | 4,590,082              | 4,590,082              | 4,719,845             | 19.28%                                 |
| Parks and Natural Areas Local Option Levy Fund     | 929,953               | 1,910,125             | 5,450,019             | 6,294,695              | 6,294,695              | 6,336,420             | 16.26%                                 |
| Risk Management                                    | 281,742               | 301,451               | 324,892               | 25,000                 | 25,000                 | 25,000                | (92.31%)                               |
| Smith and Bybee Wetlands Fund                      | 104,815               | 87,697                | 127,114               | 121,752                | 121,752                | 121,752               | (4.22%)                                |
| Solid Waste Fund                                   | 6,444,441             | 6,930,224             | 7,804,021             | 8,061,806              | 8,061,806              | 8,239,206             | 5.58%                                  |
| <b>TOTAL</b>                                       | <b>\$77,449,773</b>   | <b>\$146,141,364</b>  | <b>\$88,876,118</b>   | <b>\$89,235,075</b>    | <b>\$89,235,075</b>    | <b>\$89,745,338</b>   | <b>0.98%</b>                           |
| <b>FULL-TIME EQUIVALENTS</b>                       | <b>1.00</b>           | <b>0.00</b>           | <b>0.00</b>           | <b>0.00</b>            | <b>0.00</b>            | <b>0.00</b>           | <b>0.00%</b>                           |
| <b>FTE CHANGE FROM FY 2015-2016 AMENDED BUDGET</b> |                       |                       |                       |                        |                        |                       | <b>0.00</b>                            |

## 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 also 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.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| YES   |

Maintains agency's underlying AAA/Aaa Bond Rating.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|-------|-------|-------|-------|-------|-------|-------|
| YES   |

### Highlights of the FY 2016-17 non-departmental budget are:

- Debt service on general obligation bonds totaling \$31.3 million.
- Debt service on pension obligation bonds of \$1.9 million.
- Debt service on full faith and credit bonds for Metro Regional Center of \$1.4 million.
- Transfer of \$1.4 million from the General Fund to the General Revenue Bond Fund to fund debt service payments on the Metro Regional Center 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 payments of \$666,067 on three outstanding interfund loan for the OCC Streetcar assessment, Oregon Zoo capital projects and Metro Regional Center capital projects.
- Interfund reimbursements of \$16.6 million for agency-wide central service functions such as accounting, legal services, communications, risk management and Metro Regional Center management.
- Transfer of \$2.5 million from the General Fund to the General Asset Management Fund or Oregon Zoo Capital Asset Management Fund to support renewal and replacement needs of the General Fund and Oregon Zoo departments including a one-time \$500,000 reserve contribution.
- 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 \$205,000 from the General Fund to the Solid Waste Revenue Fund to support the agency-wide Sustainability program.
- Transfer of \$4.0 million from the Oregon Convention Center to the General Revenue Bond Fund, Hotel Project Account to support the OCC hotel project.
- Transfer of the \$2.0 million interfund loan authorization from the Solid Waste Fund to the General Asset Management Fund to fund various Metro Regional Center projects.
- Transfer of \$12.54 million in ongoing operating support from the General Fund to the Oregon Zoo Operating Fund.
- Transfer of \$2.3 million for the Parks and Natural Areas Local Option Levy Fund to the General Fund to support park operations.

- Transfer of approximately \$470,000 each from the Natural Areas Fund and the Parks and Natural Areas Local Option Levy Fund to the General Fund to support Communications staff now embedded in the Parks and Nature department in the General Fund.
- Transfer of \$776,000 from various funds to the General Fund as a contribution to the PERS Reserve funded from saving in health and welfare costs.

**General Fund special appropriations: \$3.972 million**

- \$2.9 million for Construction Excise Tax grants to local governments for concept planning.
- \$204,800 for the TriMet passport program, Metro’s primary employee commute option strategy.
- \$152,000 for Metro’s required outside financial audit.
- \$75,000 for election expenses for one regional measure.
- \$22,300 for general Metro sponsorship account.
- \$100,000 carryover for Customer Relation Management software
- The following designated contributions are also included: (# of years of contribution, if known)
  - \$24,100 for Water Consortium Dues.
  - \$14,660 for Lloyd Business Improvement District Dues.
  - \$15,000 for Rail~Volution.
  - \$2,610 for Clackamas County Business Alliance (year 3).
  - \$2,610 for East Metro Business Alliance (year 3).
  - \$2,610 for Westside Economic Alliance (year 3).
  - \$2,610 for Columbia Corridor Association (year 3).
  - \$50,000 to the Intertwine Alliance.
  - \$25,000 to the Regional Arts and Culture Council.
  - \$25,000 to the Metropolitan Export Initiative (year 5).
  - \$25,000 for Greater Portland, Inc.
  - \$25,000 for the Regional Disaster Preparedness Organization (year 3).
  - \$15,000 for First Stop Portland.
  - \$4,700 for Transportation for America (T4A) (year 3).
  - \$50,000 for Speaker Bureau (year 2).
  - \$53,000 for Willamette Falls Lock Sponsorship (year 2).
  - \$40,000 for Washington County Communities of Color (year 1).