

1. Did TLT funds these last two years impact our debt services?

*Response:*

In short, no. Metro's only debt service that is backed by transient lodging tax revenues (TLT) are the 2017 revenue bonds for the Convention Center Hotel project. Those bonds have two sources of pledged revenues – transient lodging taxes from the Visitor Facilities Trust Account (VFTA) and transient lodging taxes distributed from Multnomah County's Excise Tax Fund (ETF). The primary source is the VFTA. There were not sufficient revenues in FY2021 to cover all of the debt service backed by the VFTA, however the VFTA has a very strong set of financial reserves. Those reserves were used to make the debt service payments and other ongoing program allocations were reduced to ensure that all debt service payments could be made over the next five years.

2. How is Metro prepared to weather the potential of future disruptions to our core services? For example, ensuring minimal impacts to staffing.

*Response:*

Staff have completed a systematic review of all of Metro's reserve policies and have recommended revisions to reserve levels across the agency. For the General Fund, the prior policy level required a 7% reserve. It was clear during the pandemic that that level of reserve was not sufficient. Since FY2021, the Council has approved increasing the General Fund reserve level to 16.5%, consistent with the best practices recommended by the Government Finance Officers Association. Because of ongoing business disruptions caused by the pandemic, the Visitor Venues reserve levels are still below recommended policy levels. The Oregon Zoo and Solid Waste Fund are able to fund their operating reserves at recommended levels.

Metro's strategy is not to fund reserves at a level to ensure minimal impacts to staffing. It is not financially viable for Metro to generate or sustain reserves to that level. In the event of another significant economic event, it is not possible to eliminate staffing disruptions. Rather, the strategy is to fund reserves at a level to ensure that essential services can be sustained and that the agency has time to respond to the crises and develop plans to recover. Staff believes that our updated reserve policies achieve both of these goals and leave Metro better prepared to respond to future financial challenges.