

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 17-4799, FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2017-18 THROUGH 2021-22, APPROVING THE METROPOLITAN TOURISM OPPORTUNITY COMPETITIVENESS ACCOUNT PROJECTS AND RE-ADOPTING METRO'S FINANCIAL POLICIES

Date: June 22, 2017

Presented by: Tim Collier, Director, Finance and Regulatory Services

BACKGROUND

A. The Capital Improvement Plan (CIP) for Fiscal Years 2017-18 through 2021-22 represents Metro's long-range capital planning process. Exhibit A provides a listing of the CIP projects and their major funding sources. The resolution approves the entire five-year capital plan and directs that projects for FY 2017-18 be approved, and project expenditures for FY 2017-18 be appropriated, as amended, in the FY 2017-18 budget. If a project comes up unexpectedly during the year, departments must follow the amendment process to submit the project to Council for approval.

The table below shows the number of projects by department; Exhibit A to the Resolution shows the individual projects by department.

	Total Projects	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
Information Services	16	2,591,939	786,245	496,181	572,096	585,928	5,032,389
Property and Environmental Services	30	7,974,156	2,716,450	2,521,268	422,555	165,082	13,799,511
Parks and Nature	43	22,047,844	21,126,418	11,406,655	853,335	1,115,376	56,549,628
Visitor Venues- MERC	88	14,276,750	43,395,000	5,205,000	4,870,000	3,930,000	71,676,750
Visitor Venues- Oregon Zoo	19	9,045,833	16,928,200	21,354,768	2,784,481	1,408,000	51,521,282
TOTAL	196	55,936,522	84,952,313	40,983,872	9,502,467	7,204,386	198,579,560

B. This resolution also provides for the annual review and re-adoption of Metro's financial policies, including the Capital Asset Management Policies that are incorporated by reference. The policies are attached as Exhibit B to the resolution. The Council adopted an updated version of the Capital Asset Management Policies in October 2013. No further changes are recommended.

The current financial policies address six specific areas of financial management as well as a series of general policies. Several of these simply echo federal or state laws and regulations, or establish as policy certain practices that are currently in place. Highlights of those policies include:

- The policies will be reviewed annually by the Council and published in the adopted budget.
- A definition of a balanced budget is one in which current year revenues meet or exceed current year expenditures.
- Any use of fund balance in an operating fund will be fully explained in the adopted budget document.
- A study to assess the affordability of any new program will be done before the program is implemented.
- The Council's existing capital asset management policies are incorporated into this document, by reference.
- One-time revenues will be used to pay for one-time costs or add to fund balance.

C. This action also approves the Metro Tourism Opportunity and Competitiveness Account (MTOCA) funding at the Portland Expo Center (\$400,000) for FY 2017-18. The MTOCA funds are appropriated in the General Fund and transferred to MERC as part of the annual budget process. The Expo Center will use the funding to support indirect operating costs in accordance with the MTOCA Resolution parameters.

ANALYSIS/INFORMATION

1. **Known Opposition:** None.
2. **Legal Antecedents:** Metro's adopted financial policies require the annual adoption of a Capital Improvement Plan.
3. **Anticipated Effects:** The resolution signifies the Council has reviewed and approved the CIP covering FYs 2017-18 through 2021-22.

The cost of the 196 projects planned during the five years covered by this CIP is estimated to be \$198.6 million.

This resolution is the formal instrument by which the five-year plan will be adopted. Projects with planned expenditures in FY 2017-18 will be incorporated into the adopted budget.

This resolution is the formal instrument to approve the Metro Tourism Opportunity and Competitiveness Account funding for FY 2017-18.

4. **Budget Impacts:** The plan's FY 2017-18 expenditures (\$55.9 million) will be appropriated in the FY 2017-18 Adopted Budget.

RECOMMENDED ACTION

Resolution No. 17-4799 is an important component of the annual budget process. The Chief Operating Officer recommends adoption.