

## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION 24-5406, FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2024-25 THROUGH 2028-29 AND RE-ADOPTING METRO'S FINANCIAL POLICIES

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Date: June 6, 2024

Prepared by:  
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Department: Office of the Chief Operating Officer

Presented by:  
Marissa Madrigal, Chief Operating Officer  
Brian Kennedy, Chief Financial Officer

Meeting date: June 13, 2024

Length: 20 minutes

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#### ISSUE STATEMENT

Council action, through Resolution 24-5406, will adopt the Capital Improvement Plan (CIP) for FY 2024-25 through FY 2028-29 (five-year CIP) and will re-adopt Metro's Financial Policies.

#### ACTION REQUESTED

Council consideration of Resolution 24-5406.

#### IDENTIFIED POLICY OUTCOMES

- Adoption of the five-year CIP approves capital projects as detailed in Exhibit A and directs that project expenditures for FY 2024-25 are appropriated.
- Re-adoption of Metro's Financial Policies, as outlined in Exhibit B, for FY 2024-25.

#### POLICY QUESTIONS

- Does the five-year CIP align with Capital Asset Management Policies designed to operate and maintain physical assets in a manner that protects public investments and ensures that assets achieve their maximum useful life?
- Do the Financial Policies appear to safeguard agency assets, promote effective and efficient operations, and support achieving Metro's strategic goals?

#### POLICY OPTIONS FOR COUNCIL TO CONSIDER

Annual adoption of the five-year CIP and the re-adoption of the Financial Policies is required to stay compliant with Metro's Financial Policies.

#### STAFF RECOMMENDATIONS

The Chief Operating Officer and Chief Financial Officer recommend that Council adopt Resolution 24-5406.

#### STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

- The five-year CIP outlines Metro's long-range capital planning process. Exhibit A provides details of the five-year CIP.

- Metro’s Financial Policies were first adopted in 2004 through Council action on Resolution 04-3465. Since then, Council has re-adopted the Financial Policies annually in concurrence with their annual adoption of the budget. Metro’s Financial Policies were updated for FY2024-25 for the Solid Waste Fund. Council previously discussed these changes as part of the adoption of the Solid Waste Fees for FY2024-25 and in their review of the Waste Fee Policy Task Force recommendations, and Council was supportive of these changes.

**1. Known Opposition** – None known at this time.

**2. Legal Antecedents** –

- The preparation, review and adoption of Metro’s annual budget is subject to the requirements of Oregon Budget Law, ORS Chapter 294.
- Financial Policies detailing post issuance compliance are designed to comply with applicable provisions of the Internal Revenue Code of 1986 and SEC Rule 15c2-12 as amended from time to time.

**3. Anticipated Effects** – The adopted five-year CIP and the re-adopted Financial Policies will be effective as of July 1, 2024.

**4. Financial Impacts** – The adopted five-year CIP will include 173 projects with FY2024-25 appropriations of \$51,939,546 and total estimated costs for five years of \$208,433,559.

**BACKGROUND**

- The five-year CIP:
  - The table below provides a summary of the five-year CIP:

	Total Projects	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	5 YR Total
Capital Asset Management	16	\$ 1,375,000	\$ 1,200,000	\$ -	\$ 700,000	\$ 500,000	\$ 3,775,000
Council Office	1	466,299	-	-	-	-	466,299
Visitor Venues - MERC	59	14,601,000	9,995,000	10,350,000	13,185,000	9,110,000	57,241,000
Information Technology and Records Management	23	2,268,067	841,265	1,354,724	1,905,000	1,350,000	7,719,056
Parks and Nature	29	20,129,180	24,359,292	25,276,732	17,827,000	150,000	87,742,204
Waste Prevention and Environmental Services	36	3,200,000	8,820,000	6,855,000	7,220,000	6,495,000	32,590,000
Visitor Venues - Oregon Zoo	9	9,900,000	6,550,000	1,450,000	1,000,000	-	18,900,000
<b>Total</b>	<b>173</b>	<b>\$ 51,939,546</b>	<b>\$ 51,765,557</b>	<b>\$ 45,286,456</b>	<b>\$ 41,837,000</b>	<b>\$ 17,605,000</b>	<b>\$ 208,433,559</b>

- Financial Policies re-adopted for FY 2024-25:
  - The Financial Policies include general and specific policies that are either required to align with federal or state laws and regulations or developed to establish procedures and practices that meet agency goals and practices. Highlights of the policies include:
    - The policies will be reviewed annually by the Council and adopted alongside the 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.
    - One-time revenues will be used to pay for one-time costs or added to fund balance.
    - Post issuance compliance policies are designed to comply with applicable provisions of the Internal Revenue Code of 1986 and SEC Rule 15c2-12 as amended from time to time.

- Capital asset management policies establish the framework for overall capital asset planning and management.

## **ATTACHMENTS**

Resolution #24-5406 - For the Purpose of Adopting the Capital Improvement Plan for Fiscal Years 2024-25 through 2028-29 and Re-Adopting Metro's Financial Policies

Exhibit A – Summary of CIP – Resolution 24-5406

Exhibit B – Financial Policies – Resolution 24-5406