

## STAFF REPORT

### FOR THE PURPOSE OF AMENDING THE FY 2016-17 BUDGET AND APPROPRIATIONS SCHEDULE AND FY 2016-17 THROUGH FY 2020-21 CAPITAL IMPROVEMENT PLAN TO PROVIDE FOR A CHANGE IN OPERATIONS

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Date: June 22, 2017

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## BACKGROUND

Several items have been identified that necessitate amendment to the budget.

### Asset Management and Capital Planning Project

Financial Planning and Regulatory Services is engaged in an agency-wide project to develop an asset management and capital planning framework. The project's steering committee provided strategic direction in April 2017 that necessitated acceleration of several components of the project. As a result, project costs originally anticipated to be spent in FY 2017-18 will be spent in the current year. The project's total scope and budget will not be increased as a result of this request.

This action requests the transfer of \$80,000 from the General Fund contingency.

### Natural Areas Management- Litigation Award for Damages to Metro Property

The Parks and Nature Department of the General Fund received \$135,000 in settlement funds from litigation regarding cross cutting of trees on Metro properties. The damage reimbursement, received in late 2016, is to be used in restoration of natural areas.

This action requests recognition of \$135,000 in damages reimbursement and additional associated appropriations authority.

### Oregon Zoo Capital Improvement Projects- Additional Capital Contribution from the Oregon Zoo Foundation and Allocation of Oregon Zoo Bond Reserves per Metro Council Resolution 17-4780

The Oregon Zoo Bond program proposes amending the fiscal year 2016-17 budget to account for two changes in planned spending. First, the Oregon Zoo Foundation received a grant in the amount of \$385,334 from Portland General Electric for the installation of solar panels on the Zoo Education Center. As non-bond revenue, this is recognized in the Zoo Asset Management Fund and a corresponding expenditure amount will be appropriated.

Second, this amendment updates the Capital Improvement Plan to reflect approved Council Resolution 17-4780, for the Purpose of Amending the Oregon Zoo Bond Implementation Plan and to Allocate Program Reserves. That resolution assigned unallocated bond resources to the Polar Bear, Primate, and Rhino habitats, as well as for the zoo electrical infrastructure improvements.

This action requests the recognition of a \$385,334 capital donation and provides additional associated appropriations authority.

This action also amends the FY 2016-17 through 2020-21 Capital Improvement Plan. Attachment 1 outlines the Capital Project Details changes requested.

MERC Venues Capital Improvement Plan Changes (CIP changes only)

Throughout the year, the MERC capital program confronts many project challenges, which sometimes require changes to original project scopes, schedules or budgets. Specifically, many capital projects are currently experiencing significant disparities between project cost estimates and bid amounts due to the rapidly rising costs of commercial construction in the Portland Metro Area.

Portland's proposes four amendments to their capital projects to accommodate the unforeseen cost overruns on the Building Re-key project and the Schnitzer Backstage Door design requirements. The proposed amendments do not increase Portland's capital budget but instead decreases the Orchestra Shell and Keller LED Lighting Conversion projects budgets and increases the Building Re-key and Schnitzer Backstage Door projects by the same amounts for a net zero effect.

The Expo Center is also proposing capital project amendments to take advantage of product pricing, seasonal capacity, and a return on investment opportunity. The Expo team has strategically chosen to delay the HVAC Review and Repair project to FY 2018-19 and use this project budget to fund both the materials purchase for the Halls D&E Roof refurbishment and the Expo sign replacement on Hall A.

The self-production of Expo's annual Drive-in Movie Extravaganza require the use of a high-powered, high definition projector. Expo proposes to delay purchase of scaffolding and the retrofit exhaust fans project to FY 2017-18 or later and instead increase the budget for Audio Video equipment purchase to accommodate the purchase of a high-powered projector. The proposed amendments do not increase Expo's capital budget but instead increases and decreases the projects budgets listed above by the same amounts for a net zero effect.

This action amends the FY 2016-17 through FY 2020-21 Capital Improvement Plan. Attachment 2 outlines the Capital Project Details changes requested.

Solid Waste Transfer Stations Capital Improvement Plan Changes (CIP changes only)

The Break Room Trailer and Camera Expansion projects for Metro South and Central Transfer Stations have both incurred costs higher than originally anticipated. As a result the capital project budgets need to be amended. Due to the reprioritization and cancellation of other FY 2016-17 capital projects, no additional appropriation is necessary.

This action amends the FY 2016-17 through FY 2020-21 Capital Improvement Plan. Attachment 3 outlines the Capital Project Details changes requested.

## **ANALYSIS/INFORMATION**

1. **Known Opposition:** None known.
2. **Legal Antecedents:** ORS 294.463(1) provides for transfers of appropriations within a fund, including transfers from contingency that do not exceed 15 percent of a fund's appropriation, if such transfers are authorized by official resolution or ordinance of the governing body. ORS 294.463(3) provides for transfers of appropriations or of appropriations and a like amount of budget resources between funds of the municipal corporation when authorized by an official resolution or ordinance of the governing body stating the need for the transfer. ORS 294.338(2) allows an increase in appropriations due to specific purpose grants or gifts when authorized by an official resolution or ordinance of the governing body stating the need for the recognition. ORS 294.338(3) allows for an increase in appropriations due to unanticipated non-tax revenue when authorized by an official

resolution or ordinance of the governing body stating the need for the recognition. Metro code chapter 2.02.040 requires the Metro Council to approve the addition of any position to the budget. Metro's adopted financial policies require any project exceeding \$100,000 or an existing CIP project increasing greater than 20 percent to receive Council approval.

3. **Anticipated Effects:** This action provides for changes in operations as described above, recognizes and appropriates new capital donations and damages awarded and provides additional appropriations for changes in operations.
4. **Budget Impacts:** This action has the following impact on the FY 2016-17 budget:
  - Provides \$80,000 for the Asset Management and Capital Planning project via a transfer from the General Fund contingency.
  - Recognizes \$135,000 of damages reimbursement and provides additional associated appropriations authority in the General Fund.
  - Recognizes \$385,334 of capital donations and provides additional associated appropriations authority in the Zoo Asset Management Fund.
  - Approves Capital Improvement Plan amendments for numerous projects at the Oregon Zoo, the EXPO Center, Portland's P5 Centers for the Arts and the Solid Waste Central and South Transfer Stations.

#### **RECOMMENDED ACTION**

The Chief Operating Office recommends adoption of this Resolution.