

## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION NO. 18-4878, FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2018-19 THROUGH 2022-23 AND RE-ADOPTING METRO'S FINANCIAL POLICIES

Date: June 21, 2018

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

## BACKGROUND

A. The Capital Improvement Plan (CIP) for Fiscal Years 2018-19 through 2022-23 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 2018-19 be approved, and project expenditures for FY 2018-19 be appropriated, as amended, in the FY 2018-19 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.

	<b>Total Projects</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Total</b>
Information Services	20	2,846,215	735,094	764,392	534,567	158,098	5,038,366
Parks and Nature	39	30,127,536	24,266,784	7,606,624	6,997,341	8,491,214	77,489,499
Property and Environmental Services	47	19,418,855	5,241,309	7,573,805	12,461,953	11,921,367	56,617,289
Visitor Venues- MERC	97	45,869,138	15,490,000	9,097,000	18,652,080	10,539,763	99,647,981
Visitor Venues- Oregon Zoo	21	16,488,524	24,280,911	2,670,787	1,433,732	1,422,323	46,296,277
<b>TOTAL</b>	<b>224</b>	<b>114,750,268</b>	<b>70,014,098</b>	<b>27,712,608</b>	<b>40,079,673</b>	<b>32,532,765</b>	<b>285,089,412</b>

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 the policies align with state laws and regulations, while others establish as agency 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 added to fund balance.

## 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 2018-19 through 2022-23.

The cost of the 224 projects planned during the five years covered by this CIP is estimated to be \$285.1 million.

This resolution is the formal instrument by which the five-year plan will be adopted. Projects with planned expenditures in FY 2018-19 will be incorporated into the adopted budget.

4. **Budget Impacts:** The plan's FY 2018-19 expenditures (\$114.8 million) will be appropriated in the FY 2018-19 Adopted Budget.

## RECOMMENDED ACTION

Resolution No. 18-4878 is an important component of the annual budget process. The Chief Operating Officer recommends adoption.