

STAFF REPORT

IN CONSIDERATION OF RESOLUTION 20-5131 FOR THE PURPOSE OF AMENDING THE FY 2020-21 BUDGET AND APPROPRIATIONS SCHEDULE AND FY 2020-21 THROUGH FY 2024-25 CAPITAL IMPROVEMENT PLAN TO PROVIDE FOR CHANGES IN OPERATIONS BY SUPPLEMENTAL BUDGET

Date: September 30, 2020

Prepared by:
Annie Wilson, Financial Planning Analyst

Department: Finance and Regulatory Services

Presented by:
Cinnamon Williams, Financial Planning Director

Meeting date: October 15, 2020

ISSUE STATEMENT

This resolution will authorize decreases in appropriations and a reduction in FTE in the FY 2020-21 Budget and approve changes to the FY 2020-21 through FY 2024-25 Capital Improvement Plan.

ACTION REQUESTED

Council adoption of Resolution 20-5131.

IDENTIFIED POLICY OUTCOMES

Council approval will authorize the decreases in appropriations and removal of FTE requested by departments for FY 2020-21 and approve requested changes to the FY 2020-21 through FY 2024-25 Capital Improvement Plan.

POLICY QUESTION

Council should consider whether the decrease of appropriations and reduction of FTE have been justified, that adequate funds exist for other identified needs and that proposed changes to the Capital Improvement Plan appear appropriate.

POLICY OPTIONS FOR COUNCIL TO CONSIDER

Adoption of the Resolution will provide sufficient appropriations and FTE to accommodate the changes in operations outlined by the departments. Adoption will also allow for changes to capital projects, again due to operational factors.

Disapproval of the Resolution will result in a significant operational budget shortfall and will require departments to reevaluate their proposed changes to capital plans due to the denied requests for changes in appropriations, reduction in FTE, and changes in capital projects.

STAFF RECOMMENDATIONS

The Chief Operating Officer recommends adoption of Resolution 20-5131.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

Known Opposition: None known.

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 an increase in appropriations when a request for services, the cost of which is supplied by another entity, necessitates a greater expenditure of public money for any specific purpose in order to provide the services when authorized by an official resolution or ordinance of the governing body stating the need for the recognition. ORS 294.471(h) allows for the governing body to reduce appropriations when there is a reduction in available resources. Metro Council should review and consider the need to reduce positions. 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.

Anticipated Effects: This action provides for changes in operations as described above, provides changed appropriations authority, and eliminates 32.35 FTE.

Budget Impacts: This action reduces total appropriations of \$14.8 million and eliminates 32.35 FTE and has the following impacts on the FY 2020-21 budget:

- General Fund: reduces total fund appropriations by \$3.7 million (\$5.1 million in reduced expenditures and a \$1.3 million reduction from the fund's contingency offset by an increase of intrafund transfers of \$2.8 million). This reduction includes the elimination of 19.20 FTE.
- General Asset Management Fund: net zero impact on total fund appropriations (\$298 thousand decrease in expenditures offset by a transfer to the fund's contingency).
- MERC Fund: reduces total fund appropriations by \$10.9 million (\$13.8 million in reduced expenditures offset by a transfer of \$2.9 million to the fund's contingency). This reduction includes the elimination of 4.25 FTE.
- Natural Areas Fund: increases total fund appropriations by \$207 thousand (\$321 thousand increase in expenditures offset by a \$114 thousand transfer from the fund's contingency).
- Oregon Zoo Asset Management Fund: reduces total fund appropriations by \$50 thousand (\$50 thousand decrease in expenditures).
- Oregon Zoo Operating Fund: net zero impact on total fund appropriations (\$1.8 million decrease in expenditures offset by a transfer to the fund's contingency). The reduction of department expenditures includes the elimination of 6.60 FTE.
- Parks and Nature Bond Fund: net zero impact on total fund appropriations (\$833 thousand increase in department expenditures offset by a reduction of interfund transfers of \$36 thousand and a transfer from the fund's contingency of \$797 thousand).
- Parks and Nature Operating Fund: reduces total fund appropriations by \$408 thousand (\$1.3 million reduction in department expenses offset by a transfer to the fund's contingency of \$851 thousand). This reduction includes the elimination of 3.50 FTE.
- Risk Management Fund: net zero impact on total fund appropriations (\$18k reduction of department expenditures offset by a transfer to the fund's contingency of \$18k).
- Solid Waste Fund: no change on fund appropriations. This amendment includes an increase of 0.50 FTE transferred from another fund.
- Supportive Housing Services: net zero impact on total fund appropriations (\$44k increase of department expenditures offset by a transfer from the fund's contingency of \$44k). This increase includes an increase of 0.70 FTE transferred from another fund.
- Amends the FY 2020-21 through FY 2024-25 Capital Improvement Plan for projects at the Parks and Natural Area sites, the Oregon Zoo, the Oregon Convention Center, Portland's

Centers for the Arts, and the Portland Expo Center.

BACKGROUND

The following amendments have been proposed for Council review and action:

General Fund

The General Fund is forecasting significantly reduced revenues from Excise taxes, Parking Revenues, and other miscellaneous revenues. To manage these reductions, all departments within the General Fund collectively reduced their budgets by 19.2 FTE and \$5.15 million.

Additionally, the General Fund reduced its allocations (transfers) to Parks, Planning & Development and Research Center departments by 15%, for an additional \$1.4 million. The General Fund increased its allocations (transfers) to the MERC venues by \$3.3 million for COVID-related closure support. All of this activity has resulted in a decrease to General Fund contingency of approximately \$1.3 million.

Supportive Housing Services Fund

0.7 FTE was transferred from the General Fund to the Supportive Housing Services Fund, resulting in \$44k of additional expense, offset by a transfer from the Fund's contingency.

Risk Management Fund

The Risk Management Fund is reducing expenses by \$18k, offset, by a transfer to the fund's contingency related to a position's temporary reduced schedule.

MERC Fund

The MERC venues have been closed to large public gatherings due to the COVID-19 pandemic since March 13, 2020. As presented at the September 3, 2020 joint session of MERC and the Metro Council, the venues face severe financial challenges until they're able to reopen for large events.

The FY20-21 adopted budget assumed no events through September with a slow reopening in the fall of 2020. At this point, reopening will be later than this fall. The proposed budget amendment assumes the venues will not be back at a normal level of business this fiscal year. The amendment sustains current operations, which allow the venues to prepare for reopening and explore alternative uses of our spaces. The amendment also reflects funding from the State of Oregon, City of Portland, and increased support from Metro. It does not assume additional layoffs, however 4.25 vacant positions will be permanently eliminated due to reorganizations caused by the closure.

Capital projects have been eliminated at OCC and Expo. Portland'5 is completing multiple projects, including the Arlene Schnitzer Concert Hall acoustical project and Broadway and Park marquees, both of which received outside funding.

With this amendment each fund will end the fiscal year with a positive fund balance.

Natural Areas Fund

The Natural Areas fund increased total fund appropriations by \$207k. The P&N Science Team obtained a grant for a stabilization project. This amendment adds the anticipated grant revenue and related expense to the budget.

An IGA was entered into in Aug 2020 with Oregon Parks and Recreation Department to assist with

completing the design and construction of a trail segment that goes from Tryon Creek to Marshall Park and crosses Metro land. This amendment adds dollars to the budget for this IGA.

Oregon Zoo Operating Fund

Due to the COVID-19 pandemic and the Zoo's current operational plans, the Zoo reduced its personnel services expenditures by \$1.8 million, which includes the elimination of 6.60 FTE and vacancies with no foreseeable plan to rehire in the current fiscal year. This amount will be transferred to the fund's contingency.

Oregon Zoo Asset Management Fund

Oregon Zoo Asset Management Fund reduced its capital maintenance expenditures by \$50k to balance out funding for the Elephant Safety Platform project, described in further detail below.

Parks and Nature Bond Fund

Parks and Nature Bond Fund total appropriations are not changing. This amendment is adding \$833 thousand of capital expense as described below due to a fund shift in budget cut process. Due to anticipated budget shortfall in the operating fund, the Newell Creek Canyon and Terramet projects will be funded by the Bond. This is offset by a \$36 thousand decrease to transfers out to Communications from bond due to budget cuts and a \$797 thousand reduction in contingency.

Parks and Nature Operating Fund

As part of the Fall 2020 budget cuts, Parks and Nature was directed to cut \$372 thousand from their general fund activities. The Parks and Nature department took the opportunity to examine all revenue sources and determine what other budgetary shortfalls they may encounter during FY 2020-21. Recognizing that property tax collection is in a riskier place than before, enterprise revenue has decreased drastically with the COVID-related closure of shelter and campground reservations, and the ever-growing possibility of other unanticipated revenue shortfalls, the Parks and Nature department decided to cut an additional \$900 thousand from the Parks and Nature operating fund, totaling \$1.3 million of cuts for Fall 2020. This includes the elimination of 3.5 FTE. \$851 thousand of this will go to the Fund's contingency, resulting in total decreased appropriations of \$408 thousand.

General Asset Management Fund

The General Asset Management Fund total appropriations are not changing. This amendment is reducing Parks projects renewal and replacement expenditures by \$298 thousand and increasing the fund's contingency by the same amount.

Solid Waste Fund

There is no change to appropriations in this fund. This amendment includes an increase of 0.50 FTE transferred from another fund. The Solid Waste Fund currently has sufficient appropriations to cover this additional personnel expense. A future budget amendment will be presented focused on the fund and its budget cuts. Due to the fact that costs budgeted to the Solid Waste Fund are recouped by Solid Waste Fees and the Solid Waste Fee development has not been finalized, these cuts needed more vetting and discussion with leadership.

Oregon Zoo - Capital Improvement Plan Changes

The following Capital Improvement Projects require revision as outlined below:

- **Z00139 Elephant Safety Platform/Z00135 Elephant Transfer Area Modification** – This amendment establishes project Z00139 Elephant Safety Platform, which was previously Z00135 Elephant Transfer Area Modification. Due to higher estimated costs of

the project, an additional \$125k has been reallocated to this project's FY 2020-21 budget. To address keeper and animal safety, this is to construct a keeper platform to accommodate jump back distance to avoid encounters between staff and elephants during the transfer in and out process in the North Habitat.

- **ZOOTBD21-2 Animal Health and Welfare Enhancements** – This amendment reduces this project budget by \$175k in FY 2020-21.
- **Z0078 – OZF Placeholder – Cameras** – This amendment reduces this project budget by \$50k in FY 2020-21.

This action amends the FY 2020-21 through 2024-25 Capital Improvement Plan and does not change the Zoo's contingency. Attachment 1 outlines the Capital Projects changes requested.

Parks and Nature - Capital Improvement Plan Changes –

The following Capital Improvement Projects require revision as outlined on Attachment 2.

The following projects experienced funding shifts related to budget cuts:

- **52004 Terramet Database** – Majority of funding shifted to Parks and Nature Bond Fund and \$75 thousand added to the project budget.
- **LA250 Newell Creek Canyon Nature Park** – Funding shifted to Parks and Nature Bond Fund.
- **LA250A Newell Creek Canyon Day Use Construction** – Funding shifted to Parks and Nature Bond Fund.

In November 2019, the region passed the Parks and Nature Capital Bond. The Take Care of Metro Parks program area has begun the early stages of refinement and has identified a list of fast-tracked projects using criteria based on feedback from community during bond planning to address deferred maintenance and ADA accessibility improvements in order to make sure existing destinations can best serve culturally specific and other historically marginalized communities - specifically members of the BIPOC community. The projects identified address the following criteria: a) meet a health/safety need; b) focus on an infrastructure/operational improvement/ADA work identified in the Parks & Nature ADA Transition Plan; and c) respect public comments in the bond referral to take care of our developed sites, especially the sites that have highest visitation. Projects identified in this amendment are located at two of Metro's most well-known and visited sites: Oxbow Regional Park and Blue Lake Regional Park. The projects added as a result of this process are:

- **LT900 Chehalem % for Art**
- **PBL009 Blue Lake Curry Building Replacement**
- **PBL010 Blue Lake Water System Phase 1**
- **PBL012 Blue Lake Building Demo Plan**
- **POX009 Oxbow Civil Survey**
- **POX011 Oxbow Hydrologic Study**
- **POX012 Oxbow Potable Water System Replacement**
- **POX013 Oxbow Welcome Center Phase 2 Improvements**
- **POX014 Oxbow Roadway & Entry Improvements**

The following projects are also being added to the CIP:

- **GF155 Von Ebert Parking Lot Improvements**
- **70001P Replace Ford F550 Super Duty BLU-008 Asset #222**
- **70001P Replace Ford Escape HEV MRC-003 Science Asset #300**

- **TEMP98 Land Acquisition**

The following project added spending related to the OWEB grant:

- **G46015 Cazadero North Stream & Wetland Restoration**

The following project had funding shifted to the Bond:

- **LA141 Blue Lake Master Plan**

The following projects are being removed from the CIP:

- **LA121 East Council Creek**
- **LA120 Burlington Creek Forest Nature Park**
- **CEM106 Lone Fir Retaining Wall**
- **LI011 Oxbow Sanitary**

This action amends the FY 2020-21 through 2024-25 Capital Improvement Plan and increases the fund contingencies as described above. Attachment 2 outlines the Capital Projects changes requested.

MERC Visitor Venues - Capital Improvement Plan Changes –

The following Capital Improvement Projects require revision as outlined below:

Oregon Convention Center

- **8R222 OCC Tower/Crown Glazing** – This project has been postponed. The amendment moves the \$250 thousand FY 2020-21 project budget to FY 2021-22.
- **OCCTBD81 OCC CCTV Security Camera System Server Upgrades** – This project has been postponed. The amendment moves the \$100 thousand FY 2020-21 project budget to FY 2021-22.

This action amends the FY 2020-21 through 2024-25 Capital Improvement Plan and increases the FY 2020-21 Oregon Convention Center contingency by \$350 thousand. Attachment 2 outlines the Capital Projects changes requested.

Portland's Centers for the Arts

- **85112 Keller Café** - This is an ongoing project and is expected to be completed in FY 2020-21. \$225 thousand has been added to this fiscal year.
- **8R092 Schnitzer Acoustical Enhancements** – This is an ongoing project and is expected to be completed in FY 2020-21 rather than FY 2021-22. \$1.9 million has been moved forward into FY 2020-21 and \$2.4 million has been removed from FY 2021-22. The overall project budget has been decreased due to revised project cost estimates. This project received outside funding.
- **8R179 P5 AHH Roof** – This is an ongoing project and is expected to be completed in FY 2020-21. \$290 thousand has been added to this fiscal year.
- **8R220 P5 ASCH Broadway and Park Marquees** – This is an ongoing project and is expected to be completed in FY 2020-21. \$76 thousand has been added to this fiscal year. This project received outside funding.
- **8R247 KA Stage Cooling** - This is an ongoing project and is expected to be completed in FY 2020-21. \$290 thousand has been added to this fiscal year.

This action amends the FY 2020-21 through 2024-25 Capital Improvement Plan and decreases the Portland's Centers for the Arts contingency by \$2.8 million in FY 2020-21. Attachment 2 outlines the Capital Projects changes requested.

Portland Expo Center

- **8R169 Expo Lighting Control Review and Install – Halls ABCDE** – This project has been postponed. The amendment moves the \$161 thousand project budget from the FY 2020-21 project budget to FY 2021-22.
- **8R234 Expo Hall E Flat Roof** – This project has been postponed. The amendment moves the \$150 thousand project budget from the FY 2020-21 project budget to FY 2022-23.
- **EXTBD63 Expo Exhibit Hall Lighting** – This project has been postponed. The amendment moves the \$200 thousand project budget from the FY 2020-21 project budget to FY 2021-22.

This action amends the FY 2020-21 through 2024-25 Capital Improvement Plan and increases the FY 2020-21 Portland Expo Center contingency by \$511 thousand. Attachment 2 outlines the Capital Projects changes requested.

ATTACHMENTS

- Resolution 20-5131
- Exhibit A – Schedule of Appropriations
- Exhibit B – Schedule of FTE
- Attachments 1-3 Capital Project Details