

FY12 Capital Budget Presentation



May 24, 2011

FY12 Capital Presentation

Agenda

- Overview
- Debt Overview
- Transportation
- Facilities Management
- Information Technology
- Conclusion and Questions

Debt Overview



Financial Policy Overview

Financial Policies Address

- Transportation Financing
- Capital Asset Management
- Short and Long Term Debt Financing

Financial Policy Overview

Transportation Financing Policies

- Directs Development of 5 Year Capital Improvement Plan (Updated Annually)
- Describes Funding Mechanisms (Gas Tax and Vehicle Registration Fee)
- States Policy of Board to Support Efforts to Secure State and Regional Funding

Financial Policy Overview

Capital Asset Management Policies

- Directs Development of 5 Year Capital Improvement Plan (Updated Annually)
- Defines Buildings as Tier I, Tier II, Tier III
- Outlines Funding Sources and Priorities (Fees Charged to Building Tenants)
- Provides Guidelines for Asset Disposition and Use of Sale Proceeds

Financial Policy Overview

Short and Long-Term Debt Policies

- Describes Financing Mechanisms Available
- “Pay-Go” vs. “Pay-Use”
- County Policy on Debt Issuance More Restrictive Than State Statute Allows
- Debt **NOT** Issued to Support Operations

Financial Policy Overview

Types of Capital Debt

- Short Term
 - Internal Loan
 - Tax Revenue Anticipation Notes (TRANs)
- Long Term
 - Full Faith & Credit
 - General Obligation Bonds
- Revenue Bonds
- Capital Lease Purchase Agreements

Debt Overview

Summary of Capital Bond Memo

- FY 2012 Projects Supported w/ Debt Proceeds
 - ▣ Sellwood Bridge Fund – Bridge Replacement
- Legal and Internally Imposed Debt Limits
- Discuss Remaining Debt Capacity Under Existing Policy

Debt Overview

General Obligation (GO) Bonds

- Voter Approval Required
- Supported by Property Tax Not Subject to Measure 5 Limits
- No New GO Debt Issued Since FY 1997
- Existing Debt Refinanced in FY 2010 w/ Savings Estimated at \$5.2 Million
- Current Obligations Retired in FY 2017

Debt Overview

Revenue Bonds

- Finance Projects Supported by Dedicated Resources
- Two Current Revenue Bonds
 - ▣ Oregon Food Bank
 - ▣ Port City Development
- Existing Debt Retired by FY 2016
- County Share of Sellwood Bridge Project Likely to Be Financed w/ Revenue Bonds

Debt Overview

Pension Obligation Bonds

- Sold in 1999 to “Buy Down” County’s Unfunded PERS Liability - \$185 Million
- Debt Service Escalates But Rates Charged to Departments Held Constant Over Life of Bonds
- PERS Rates Would Be Much Higher Had We Not Issued Bonds
- Reserve Provides Rate Stability and Cushions Against Future PERS Increases

Debt Overview

Full Faith & Credit Obligations (FFCO)

- Subject to 5% Financial Policy Limitation
- Approximately \$75 Million Outstanding Debt
 - ▣ Most Recent Sale – December, 2010 – East County Courthouse - \$15 Million
- All Existing FFCO Debt Retired by FY 2020

Debt Overview

Debt Schedules - Current Obligations

County Debt Issues	Issued For	Credit Rating	Maturity Date	Outstanding Principal
Series 2010 General Obligation Bonds	Libraries and Public Safety	Aaa	10/1/2016	\$ 38,620,000
Series 1999 Pension Obligation Bonds	Unfunded PERS Liability	Aa2	6/1/2030	142,223,160
Series 2000A Revenue Bonds	Port City Development Center	Aa3	11/1/2015	880,000
Series 2000B Revenue Bonds	Oregon Food Bank	Aa3	11/1/2015	1,550,000
Series 2003 Full Faith & Credit Obligations	Health Facilities	Aa2	7/1/2013	3,185,000
Series 2004 Full Faith & Credit Obligations	Advance Refunding - Various Uses	Aa2	8/1/2019	48,260,000
Series 2010A Full Faith & Credit Obligations	Facilities Capital, IT Projects, Library	AA	6/1/2017	8,490,000
Series 2010B Full Faith & Credit Obligations	East County Courthouse	Aa1	6/1/2030	15,000,000
Total Outstanding Principal				\$ 258,208,160

Long Range Capital Planning

- Recent Multnomah County Auditor's Recommendations
- More Comprehensive View of Assets
- Consistent Funding Mechanism
- Appropriate Reserve Levels

Transportation



Capital Planning Process

- Three Components:
 - Capital Plan – 20 years
 - Capital Program – 5 years
 - Capital Budget for FY12 – 1 year

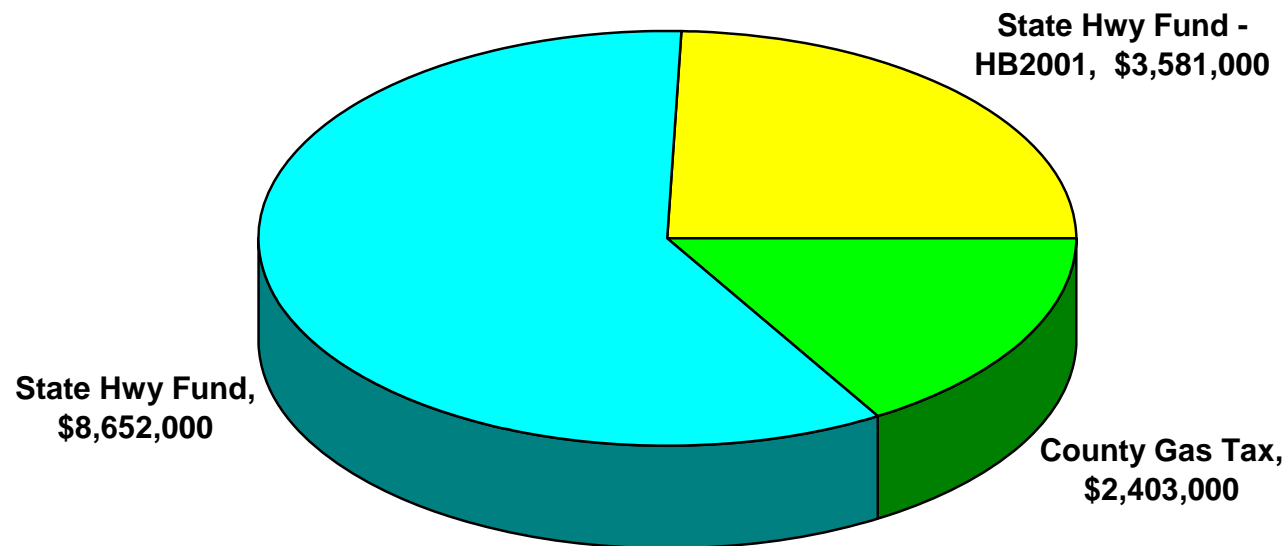
- Selection Criteria
 - Safety
 - Support of Land Use Goals
 - Engineering Evaluation
 - Community Support

Transportation Funding Priorities

- Debt Obligations
 - ▣ 257th Avenue @ Orient Drive Loan
 - ▣ 223rd RR Undercrossing
 - ▣ Sellwood Bridge
- System Preservation and Maintenance
- Capital
 - ▣ Sellwood Bridge Replacement

Revenue – “Dedicated” Funding Sources

Total “Dedicated” Funding Sources in FY2012 is \$14.6 million



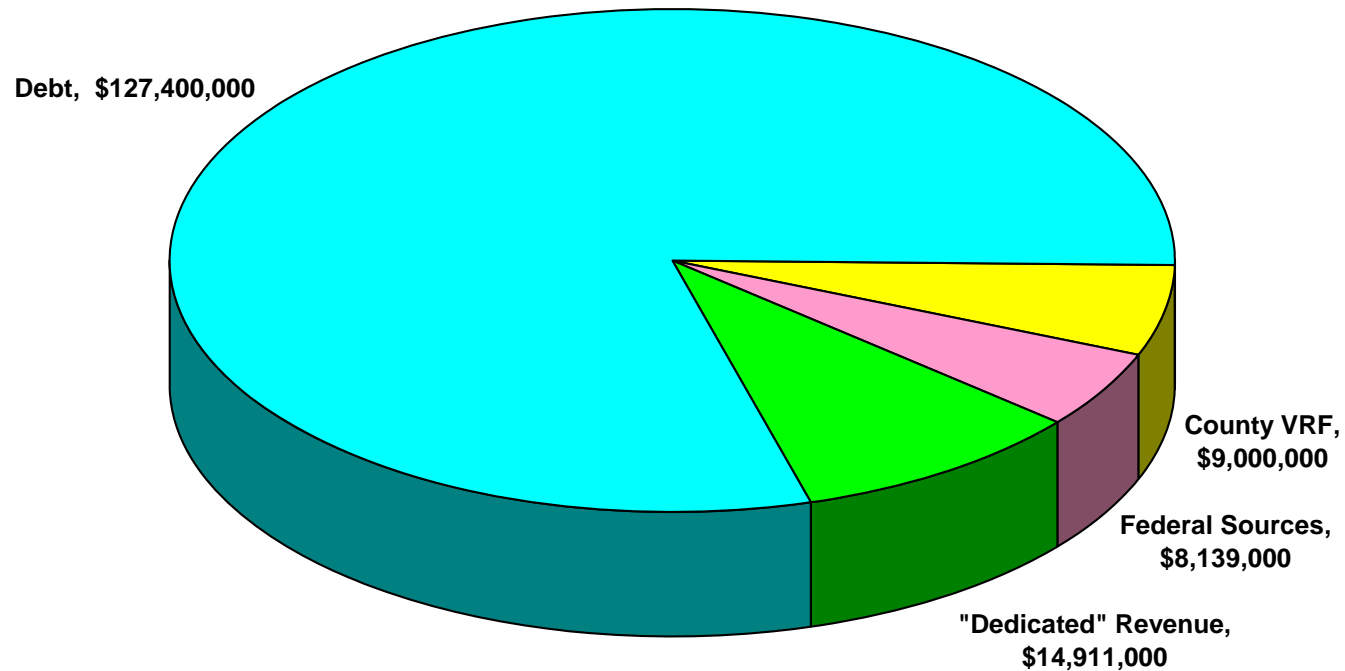
Distribution:

Roads \$ 9,039K

Bridges \$ 5,597K

Revenue – All Sources

Total Revenue in FY2012 is \$160 million



Bike & Pedestrian Program

- FY2012 project to be determined with input from the Citizens Advisory Committee
- Project Criteria Review

Road Fund



Plan for Design in FY 2011

- NE Sandy Blvd (205th – 219th)
- SE Stark Street (SW 257th Ave–SE Troutdale Rd)
- Wood Village Blvd Extension (Arata Rd to Halsey)

Plan for Bid and Award in FY2012

238th Safety Improvement

- Federal Aid Hazard Elimination Program (HEP)
- Improve sight distance and lane configuration

Funding
\$326K Federal



Road Projects Beyond FY2012

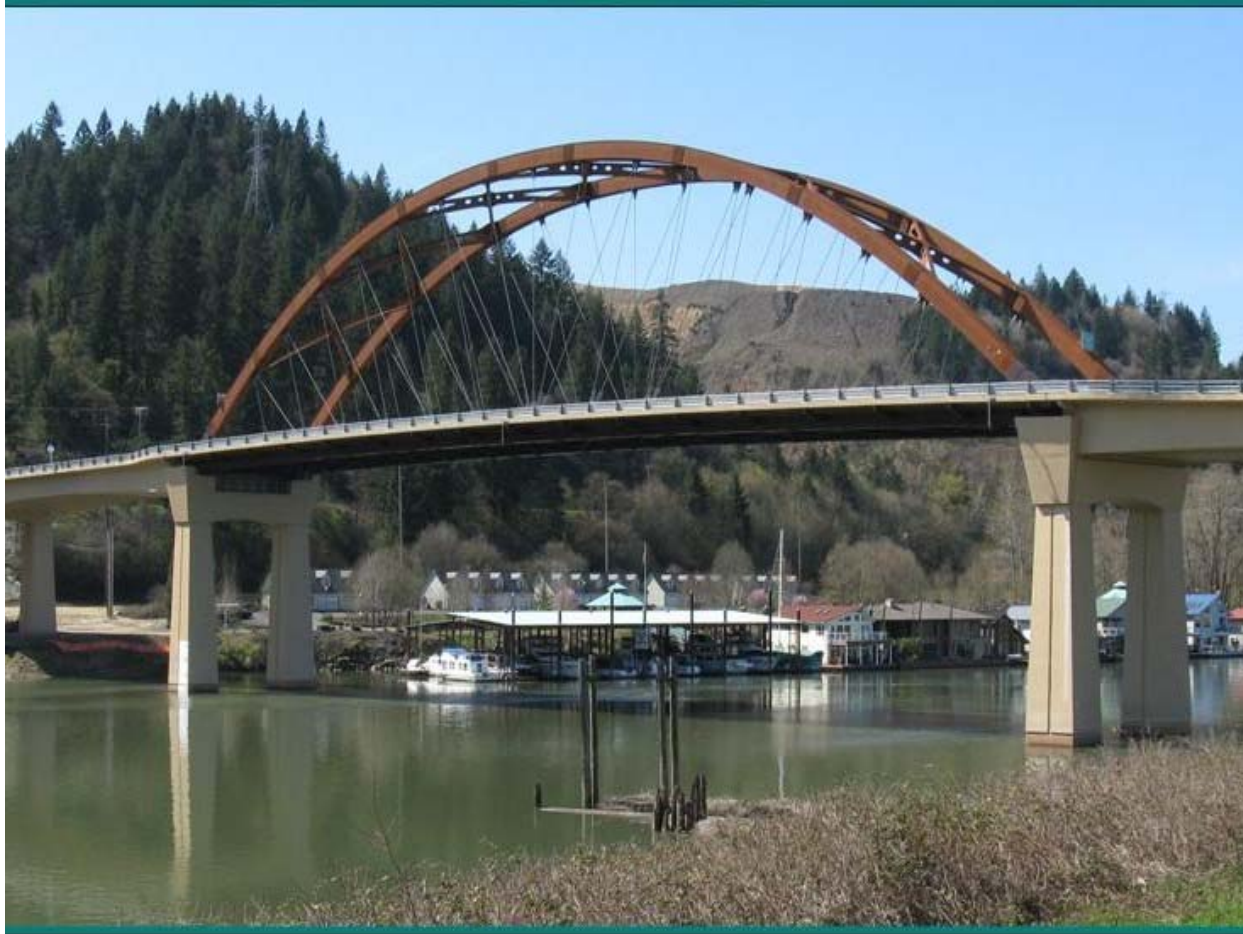
Beaver Creek Culverts Fish Passage Project



**Funding
\$1.0M Federal
for current phase**

- Improve fish passage
- Working on additional funding

Willamette River Bridges



Bridge Projects in FY2012

Sellwood Bridge Replacement



Funding
Total project
estimated at
\$290M

**\$248M funding
secured**

- Locally preferred alternative selected
- CMGC and A/E firms selected
- Construction slated for late 2011 – early 2012

Bridge Projects in FY2012

Morrison Bridge Main Spans Rehabilitation



Funding
\$ 8.6M Federal
\$ 1.4M County Match
\$10.0M Total

- Safety and structural Issues
- Construction Contract Awarded
- Construction complete late 2011

Bridge Projects Beyond FY2012

Broadway Bridge - Finish Painting

Funding

\$ 9.1M Federal

\$ 1.1M County Match

\$ 10.2M Total

- Paint Spans 2, 3 & 7 above deck
- Design in late FY11
- Construction FY13-14



Seismic

- Phase 1 versus Phase 2
- Burnside Bridge is Designated Lifeline Route – Phase 1 seismic complete
- New Sauvie Island Bridge is up to current seismic standards
- Sellwood will be constructed to current standard
- Other seismic upgrades have not been funded due to higher priorities assigned to operational and preservation needs. Substantial capital investment are required

Summary of Transportation Capital

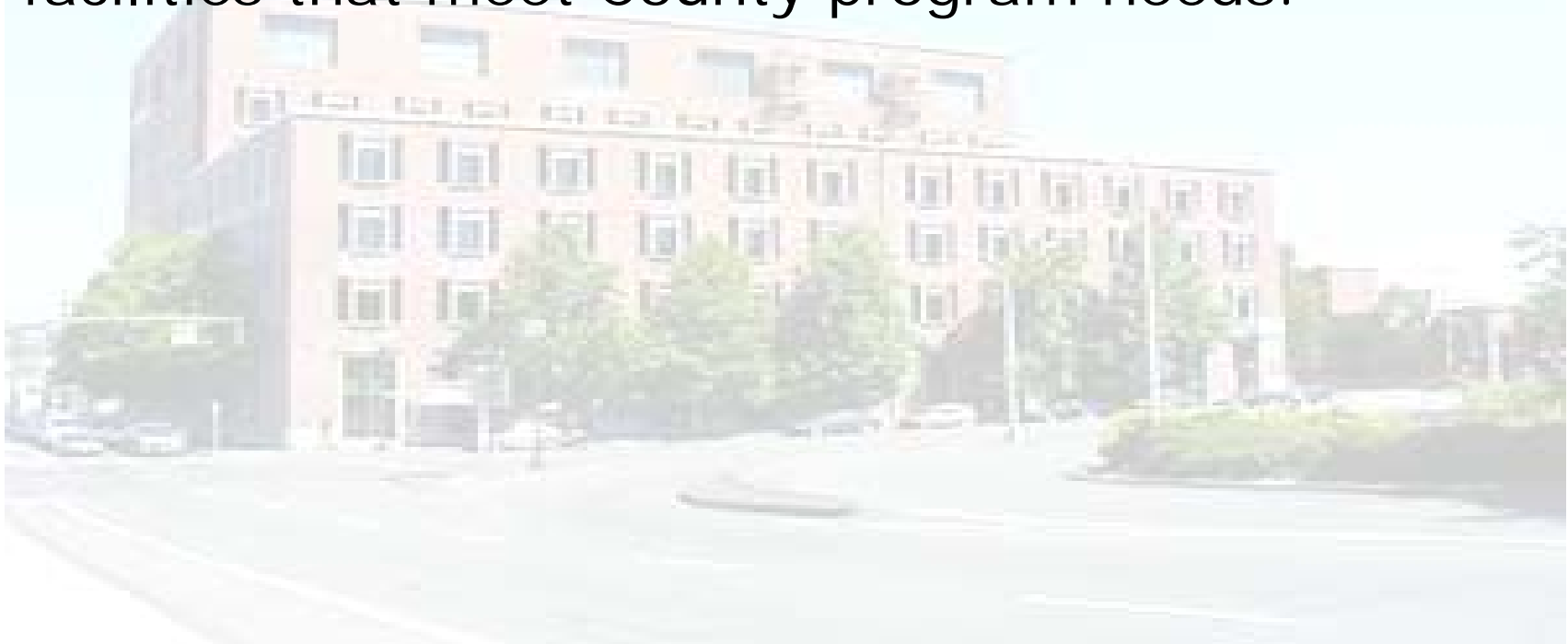
- Capital projects significantly reduced this year without stimulus (ARRA) funding
- No new projects other than current commitments with outside funds
- HB 2001 new gas tax helps pay our current debt and some preservation of system but no new capital projects
- Continue to look for other sources of funds

Facilities Management



Facilities Capital Mission

Extend the life of County buildings, optimize the performance of building systems, and create accessible, functional, and energy efficient facilities that meet County program needs.



Capital Focus

- Reduce long term facilities cost to the County
- Prioritize projects to prolong life of assets and upgrade building infrastructure and equipment
- Improve functionality and usefulness for programs
- Increase flexibility of space
- Achieve a sustainable balance between facility maintenance and capital funding



Definitions

- **Tier I Asset Preservation (AP)**
 - ▣ Retain Good building for long term use
 - ▣ Provide scheduled maintenance from Asset Preservation Fund 2509
- **Tier II Capital Improvement Program (CIP)**
 - ▣ Retain and Improve Fair buildings needing Capital improvement
 - ▣ Schedule improvements to bring up to Tier 1 status from
 - ▣ Capital Improvement Fund 2507
- **Tier III Capital Improvement Program (CIP)**
 - ▣ Maintain Functionality
 - ▣ Minimal Capital investment pending decision of retention or disposition



FY2012 Capital Budget

- FY12 AP and CIP fees are \$2.95 per owned square foot
- Total FY12 Tier I AP revenue is \$3.1 million
- Total FY12 Tier II & III CIP revenue is \$3.4 million
- Non routine projects

Downtown Courthouse - \$9.2 million in dedicated funds (PDC) East County Courts/Data Center

- Budget of \$19.6 million
- Data Center budget of \$2.1 million
- Dispatchable Service Generation (DSG) adds \$274,900 in revenue and expense



Capital

Prioritization ~ Project Rating Order

- Fire, Life, Safety
- Building Envelope including Roof
- Compliance
- Major Systems
- Outside Funding
- Non-critical Systems
- Operational Savings
- Combined Project
- Workplace Environment



Deferred Maintenance - \$21.9 Million

FY2012 to FY2016 Tier I Buildings

5 Year Asset Preservation Fund Projects

Bldg No	Bldg Name	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	5-Year Plan
311	Juvenile Justice	\$ 32,675	\$ 120,000	\$ 840,000	\$ -	\$ -	\$ 992,675
314	Inverness Jail	\$ 835,000	\$ 360,000	\$ 400,000	\$ 200,000	\$ 2,350,000	\$ 4,145,000
320	Inverness Jail Laundry	\$ 396,000	\$ -	\$ -	\$ -	\$ -	\$ 396,000
325	North Portland Health	\$ 53,000	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ 133,000
407	Gresham Probation	\$ 28,457	\$ -	\$ -	\$ -	\$ -	\$ 28,457
414	Elections	\$ 234,636	\$ 25,000	\$ -	\$ -	\$ -	\$ 259,636
420	Southeast Health	\$ 64,181	\$ -	\$ -	\$ 50,000	\$ -	\$ 114,181
430	Mid-County Health	\$ 152,318	\$ -	\$ -	\$ 50,000	\$ 100,000	\$ 302,318
437	MCE	\$ 60,362	\$ 150,000	\$ -	\$ -	\$ -	\$ 210,362
448	GCC Service Bldg	\$ 68,997	\$ -	\$ -	\$ -	\$ -	\$ 68,997
451	GCC Residential Bldg	\$ 24,989	\$ -	\$ -	\$ -	\$ -	\$ 24,989
455	Yeon Annex	\$ 51,906	\$ 70,000	\$ -	\$ -	\$ -	\$ 121,906
503	Multnomah Bldg	\$ 1,804,493	\$ 182,000	\$ -	\$ -	\$ -	\$ 1,986,493
504	Multnomah Bldg Garage	\$ 448,300	\$ -	\$ -	\$ -	\$ -	\$ 448,300
601	Central Library	\$ 700,041	\$ -	\$ -	\$ -	\$ 230,000	\$ 930,041
603	Belmont Library	\$ 64,890	\$ -	\$ -	\$ -	\$ -	\$ 64,890
605	Capitol Hill Library	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ 21,000
607	Gresham Library	\$ 119,727	\$ 50,000	\$ -	\$ -	\$ -	\$ 169,727
609	Holgate Library	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ 21,000
611	Midland Library	\$ 60,000	\$ 325,000	\$ 18,000	\$ 60,000	\$ -	\$ 463,000
612	North Portland Library	\$ 50,516	\$ -	\$ -	\$ -	\$ -	\$ 50,516
614	Rockwood Library	\$ 418,102	\$ -	\$ -	\$ -	\$ -	\$ 418,102
615	St Johns Library	\$ 74,793	\$ 20,000	\$ -	\$ -	\$ -	\$ 94,793
618	Woodstock Library	\$ 25,000	\$ -	\$ 55,000	\$ -	\$ -	\$ 80,000
622	Hollywood Library	\$ -	\$ -	\$ 120,000	\$ -	\$ -	\$ 120,000
623	Hillsdale Library	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000
Split	Multiple Bldgs	\$ 29,869	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 329,869
ALP	All Properties	\$ 1,055,252	\$ 2,100,085	\$ 2,209,024	\$ 3,481,964	\$ 1,585,524	\$ 10,431,849
Totals	Asset Preservation fund 2509	\$ 6,895,502	\$ 3,442,085	\$ 3,742,024	\$ 4,041,964	\$ 4,365,524	\$ 22,487,099

FY2012 to FY2016 Tiers II & III

Buildings 5 Year CIP Fund Projects

Bldg No	Bldg Name	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	5-Year Plan
101	Court House	\$ 897,158	\$ 42,000	\$ -	\$ 380,000	\$ 150,000	\$ 1,469,158
119	Justice Center	\$ 1,335,301	\$ 100,000	\$ 900,000	\$ 905,000	\$ 280,000	\$ 3,520,301
160	McCoy	\$ 888,999	\$ -	\$ -	\$ 250,000	\$ 750,000	\$ 1,888,999
161	Mead	\$ 1,088,301	\$ -	\$ 375,000	\$ -	\$ -	\$ 1,463,301
188	Bridge Ramp PDC funds	\$ 9,230,171	\$ -	\$ -	\$ -	\$ -	\$ 9,230,171
311	Juvenile Justice	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -	\$ 1,400,000
313	Hansen	\$ 11,179	\$ 50,000	\$ 125,000	\$ -	\$ 300,000	\$ 486,179
314	Inverness Jail	\$ 1,354,213	\$ -	\$ -	\$ -	\$ -	\$ 1,354,213
317	Library Administration	\$ 177,630	\$ 100,000	\$ -	\$ -	\$ -	\$ 277,630
320	Inverness Jail Laundry	\$ 523,833	\$ -	\$ -	\$ -	\$ -	\$ 523,833
322	Walnut Park	\$ 673,707	\$ 371,000	\$ -	\$ -	\$ -	\$ 1,044,707
324	Animal Services	\$ 165,132	\$ 200,000	\$ -	\$ 130,000	\$ -	\$ 495,132
327	Kelly Building	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
382	Animal Services Modular Office	\$ 5,927	\$ -	\$ -	\$ -	\$ -	\$ 5,927
425	Yeon Shops	\$ 336,548	\$ 150,000	\$ 50,000	\$ 625,000	\$ 500,000	\$ 1,661,548
427	Skyline Road Shop	\$ -	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
432	Springdale Road Shop	\$ 8,166	\$ -	\$ -	\$ 76,000	\$ -	\$ 84,166
446	Bridge Shops	\$ 255,480	\$ 200,000	\$ -	\$ -	\$ -	\$ 455,480
465	Wikman Building	\$ 10,359	\$ -	\$ -	\$ -	\$ -	\$ 10,359
481	Central Office	\$ -	\$ 100,000	\$ 400,000	\$ -	\$ 200,000	\$ 700,000
488	East County Courts	\$ 13,227,299	\$ -	\$ -	\$ -	\$ -	\$ 13,227,299
503	TMB Space Optimization	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ 170,000
601	Central Library	\$ 152,041	\$ -	\$ -	\$ -	\$ -	\$ 152,041
617	Title Wave	\$ 134,914	\$ -	\$ -	\$ -	\$ -	\$ 134,914
R320821	Edgefield site	\$ 90,678	\$ -	\$ -	\$ -	\$ -	\$ 90,678
Split	Multiple Bldgs	\$ 1,382,210	\$ 450,000	\$ 550,000	\$ 836,173	\$ 550,000	\$ 3,768,383
ALP	All Properties	\$ 2,504,232	\$ 1,757,542	\$ 1,594,635	\$ 1,416,774	\$ 1,667,947	\$ 8,941,130
Total	Capital Projects fund 2507	\$ 38,023,478	\$ 3,520,542	\$ 3,994,635	\$ 4,674,947	\$ 4,397,947	\$ 54,611,549

Seismic Assessment

Resolution 03-094 directs:

- Required to address annual assessment of earthquake risk for County owned and occupied structures
- Transportation and Facilities & Property Management to address earthquake mitigation as part of budget process
- Include in the capital budget presentation a detailed statement of all potential earthquake damage and mitigation that is *NOT* included in the Capital Improvement Plan

Summary of Seismic Evaluations of County Owned Buildings

Bldg #	Bldg Name	Rounded up	Bldg #	Bldg Name	Rounded up
101	County Court House	\$ 57,000,000	446	Bridge Shops	\$ 1,000,000
119	Justice Center	\$ 40,400,000	448	Gateway Services Building	\$ 400,000
160	Gladys McCoy Building	\$ 13,000,000	452	Wapato Facility	\$ 110,000
161	Mead Building	\$ 10,000,000	455	John B Yeon Annex	\$ 150,000
311	Juvenile Justice Complex	\$ 4,200,000	465	Wikman Building	\$ 120,000
314	Inverness Jail	\$ 2,200,000	481	Central Office	\$ 1,100,000
317	Library Administration	\$ 3,500,000	503	Multnomah Building	\$ 26,000,000
320	Inverness Jail Laundry	\$ 80,000	504	Multnomah Building Garage	\$ 8,500,000
321	Inverness Jail Storage	\$ 100,000	601	Central Library	\$ 10,100,000
322	Walnut Park	\$ 2,400,000	603	Belmont Library	\$ 130,000
324	Animal Services	\$ 230,000	605	Capital Hill Library	\$ 300,000
325	North Portland Health Clinic	\$ 170,000	606	Gregory Heights Library	\$ 260,000
327	Penumbra Kelly Building	\$ 4,500,000	607	Gresham Library	\$ 230,000
407	Gresham Probation	\$ 300,000	609	Holgate Library	\$ 340,000
414	Elections Building	\$ 500,000	611	Midland Library	\$ 410,000
420	Southeast Health Clinic	\$ 1,100,000	612	North Portland Library	\$ 1,400,000
425	John B Yeon Facility	\$ 15,000,000	614	Rockwood Library	\$ 160,000
427	Skyline Road Shop	\$ 200,000	615	St. Johns Library	\$ 300,000
430	Mid-County Health Center	\$ 460,000	617	Title Wave Book Store	\$ 1,000,000
432	Springdale Road Shop	\$ 170,000	618	Woodstock Library	\$ 70,000
439	Gateway MDT Building	\$ 1,500,000	623	Hillsdale Library	\$ 240,000
	Sub Total	157,010,000		Sub Total	\$ 52,320,000
				Grand Total	209,330,000

Unfunded Seismic Needs

- No seismic mitigation projects are scheduled in FY2012 – \$1.0M Contingency for seismic & life/safety
- Current report total more than \$209 million
- Seismic issues are portfolio wide
- Difficult to address in occupied buildings due to invasive nature of upgrade work



Key Issues

Ongoing Funding Gap

- Inadequate Maintenance Funding leads to ongoing deferred maintenance gap
- Capital is currently funded at about 1% of replacement value, instead of 2% as in Financial Policy

Facilities Capital

Facilities Strategic Plan to be prepared this summer/fall

- Plan will outline short and long term County facilities portfolio that meets the program and service needs of departments and their clients
- Major goal will be to adjust County facility policy priorities

Downtown Courthouse

- Feasibility Study – Determined renovation of existing courthouse while maintaining courts in operation is possible.

- Next Steps –
 - Future of Hawthorne Br. Ramp and PDC funding – Decision deadline November 2012
 - Currently no FY12 budget/funding identified for ongoing development work

Information Technology



IT Revenue Sources

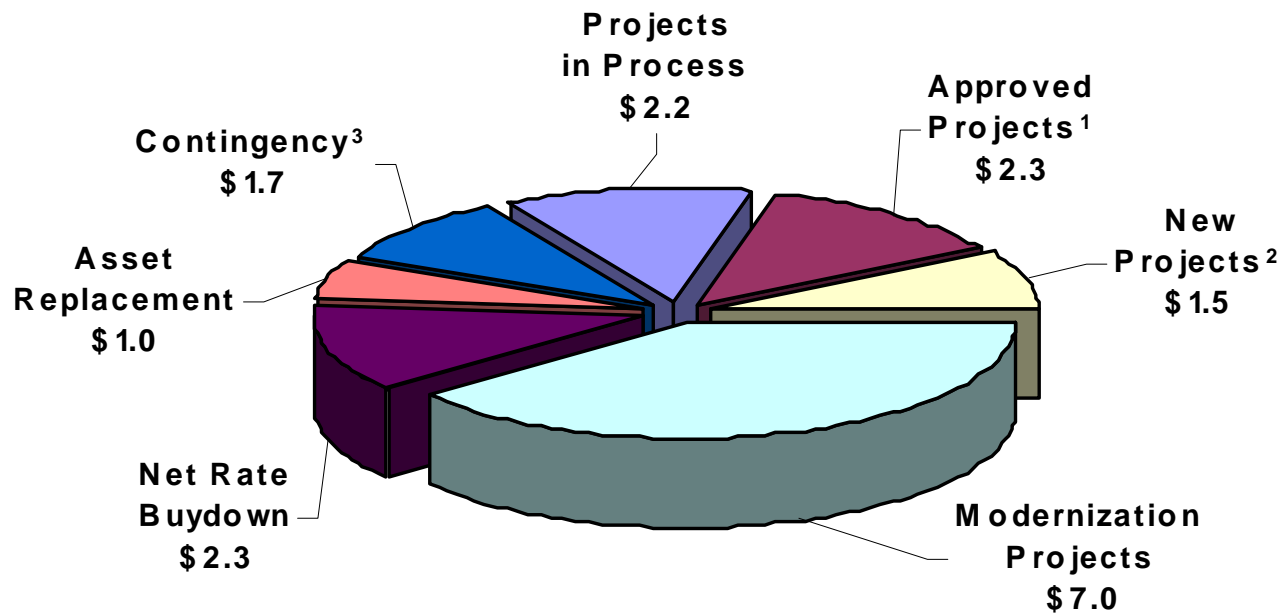
- Full Faith and Credit Obligations
- One Time Only Offers
- Internal Service Rates
- External Sources

IT Capital and Projects

- IT Innovation and Investment Funding
- Bond Funded Modernization Projects
- Asset Replacement

Beginning Working Capital

(in Millions)



Total IT BWC: \$18M

¹ \$1.0 M transfer from Budget Office Program Offer 72030

² \$1.5 M Proposed New Project funding in County-wide Contingency Fund

³ \$1.7 M IT Contingency budgeted in County-wide Contingency Fund

ITAB Projects In Process

Carryover Budget ~\$2.2 M

- DCHS--Client Case Management & Billing
- MCDA--Content and Document Management
- LPSCC--DSS-J Technology Upgrade
- DCM--Employee Self Service Benefits Evaluation
- MCHD--Corrections Health Electronic Medical Records
- DCA--Facilities Mobile Assets
- DCA--Planview Upgrade

*ITAB--IT Advisory Board

ITAB Approved Projects

Budget ~\$2.3 M

- DCM--Budget System*
- DCJ--Document Management System Pilot
- MCL--Logistics System (with GIS)

* \$1 M Transfer from Budget Office Program Offer.

ITAB New Projects

Budget ~\$1.5 M *

- SAP Enhancements
- Employee Benefits Self Service Capabilities
- Asset Real Estate Portfolio Management

* \$1.5 M New proposed funding in County-wide Contingency Fund

IT Modernization Projects

- Data Center and Disaster Recovery Capabilities, ~\$4.4 M
- Network Convergence, ~\$2.6 M



Asset Replacement

- Hardware Upgrades
- Software Upgrades

Closing Remarks

- Deteriorating Infrastructure
- Unfunded Seismic Liability
- Deferred Maintenance
- Comprehensive View
- Consistent Funding Mechanism