

# FY12 Capital Budget Presentation

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May 24, 2011

# FY12 Capital Presentation

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## **Agenda**

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

# Debt Overview



# Financial Policy Overview

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## **Financial Policies Address**

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

# Financial Policy Overview

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## **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

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## **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

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## 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

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## **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

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## **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

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## **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

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## 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

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## **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

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## **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

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

# Transportation





# Capital Planning Process

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- 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

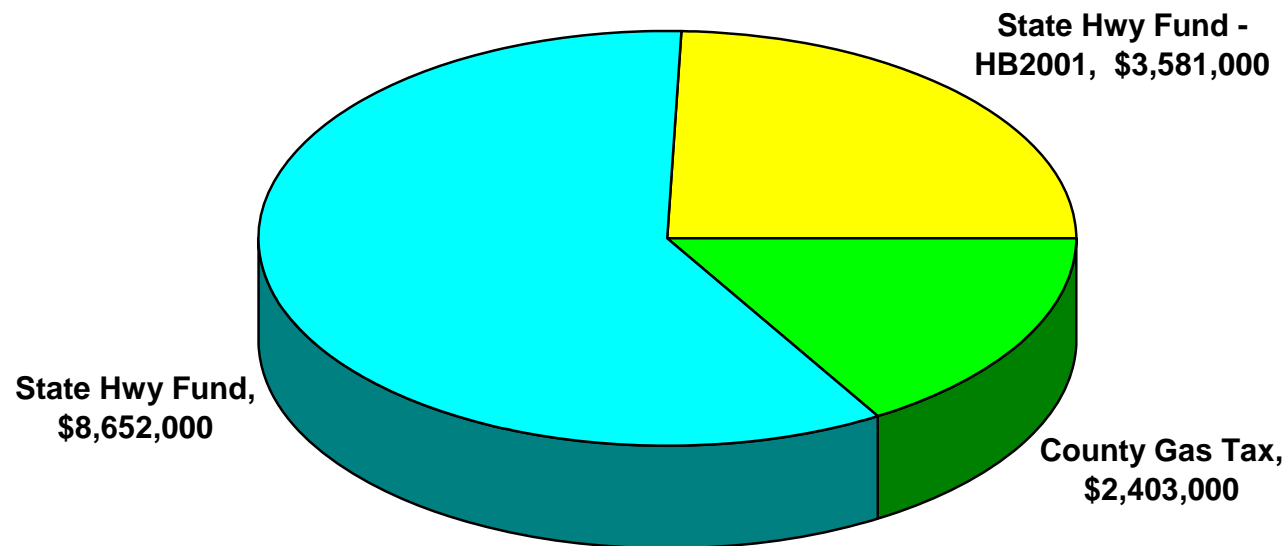
# Transportation Funding Priorities

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- 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:

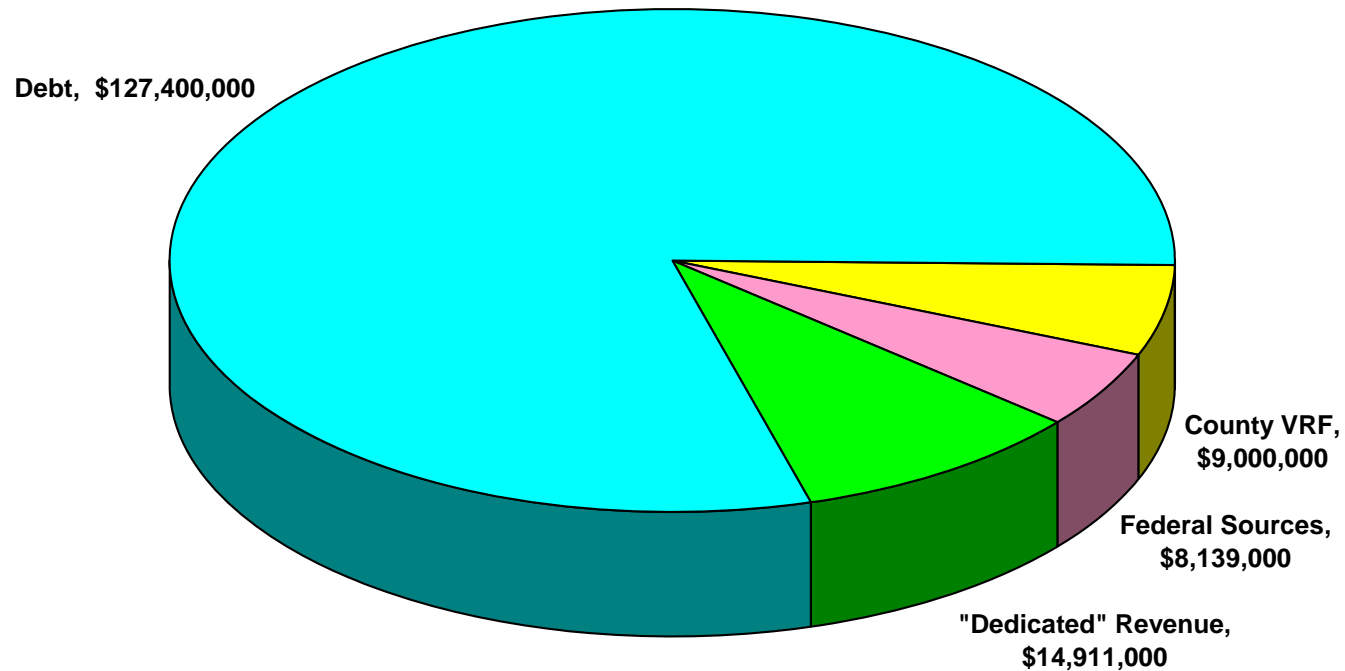
Roads \$ 9,039K

Bridges \$ 5,597K

# Revenue – All Sources

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**Total Revenue in FY2012 is \$160 million**



# Bike & Pedestrian Program

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

# Road Fund

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# Plan for Design in FY 2011

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- 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

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- 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

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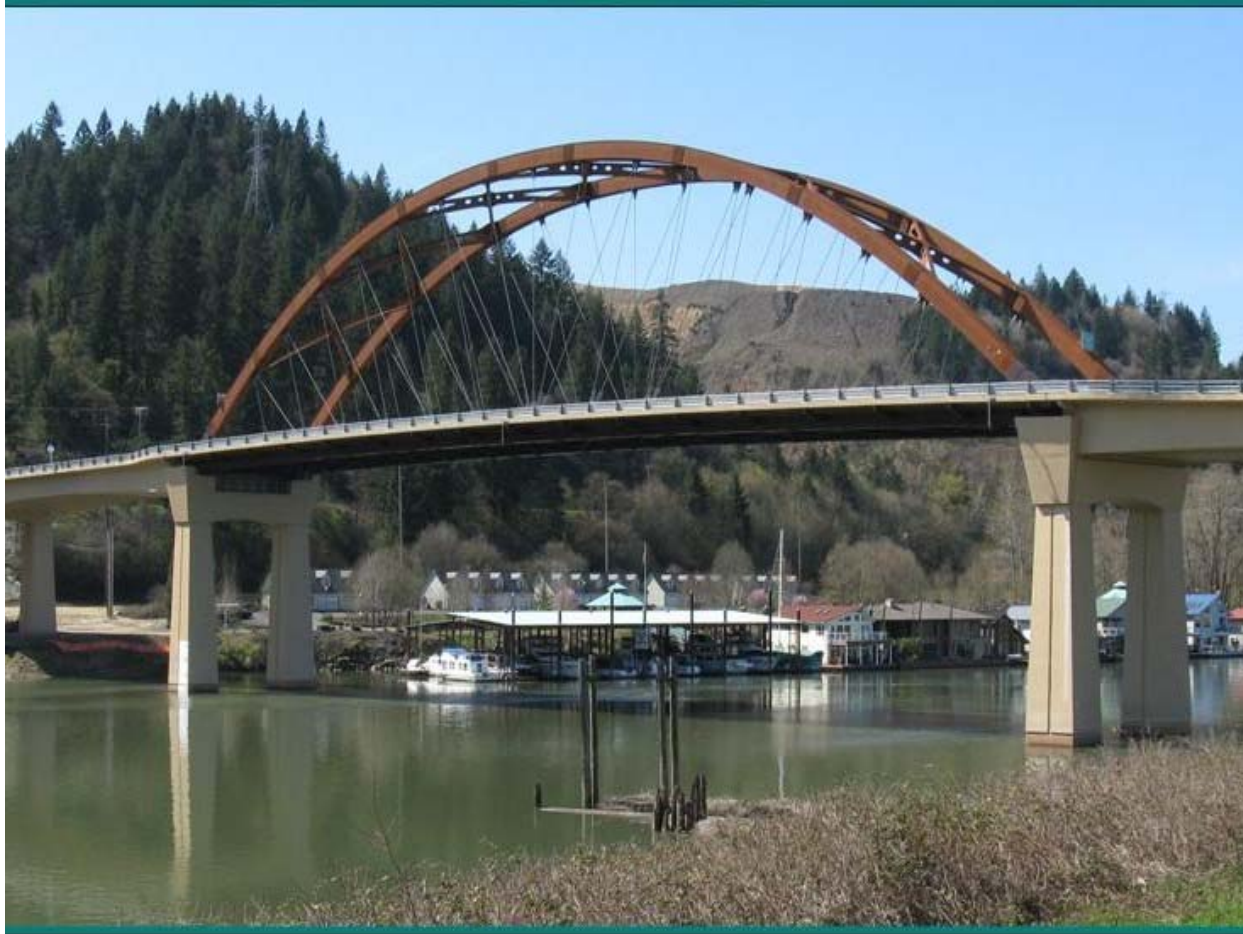


**Funding  
\$1.0M Federal  
for current phase**

- Improve fish passage
- Working on additional funding

# Willamette River Bridges

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# Bridge Projects in FY2012

## Sellwood Bridge Replacement

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**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

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- 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

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- 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

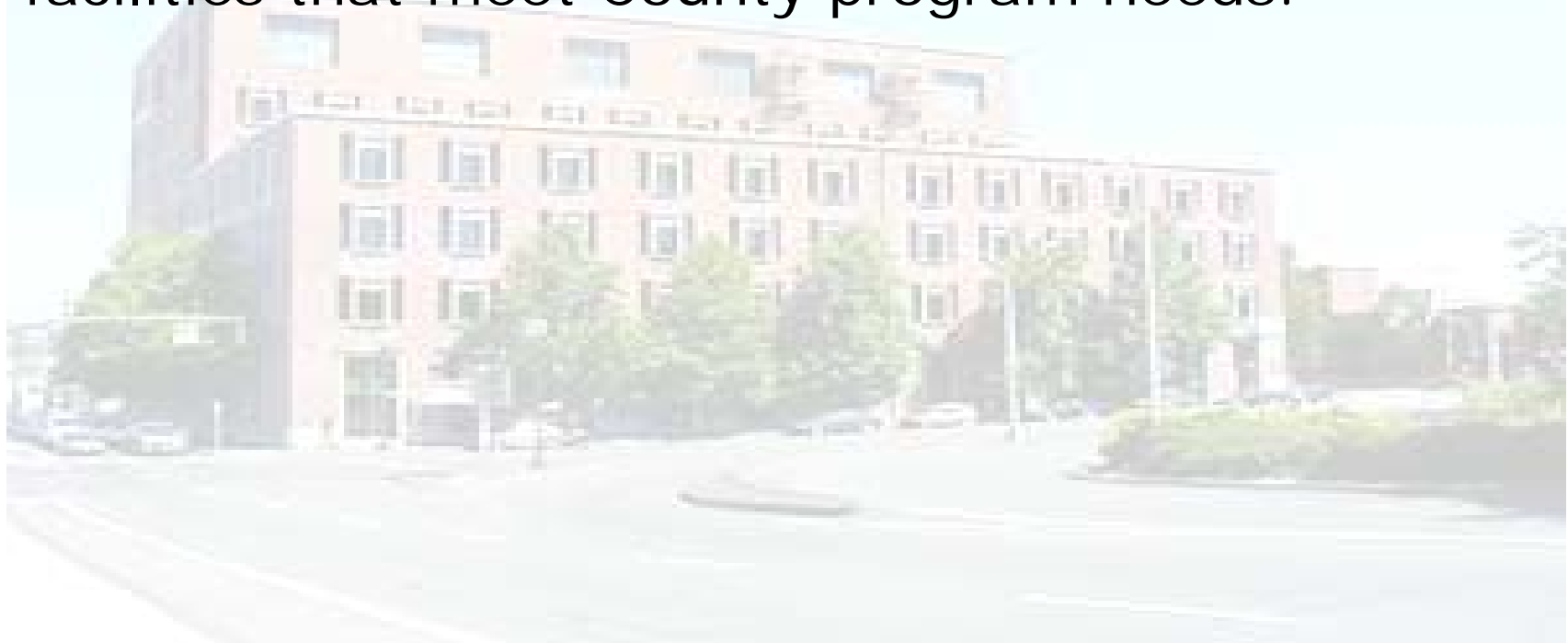




# Facilities Capital Mission

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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

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- 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

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- **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

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- 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

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## **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
<b>Totals</b>	<b>Asset Preservation fund 2509</b>	<b>\$ 6,895,502</b>	<b>\$ 3,442,085</b>	<b>\$ 3,742,024</b>	<b>\$ 4,041,964</b>	<b>\$ 4,365,524</b>	<b>\$ 22,487,099</b>

# 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
<b>Total</b>	<b>Capital Projects fund 2507</b>	<b>\$ 38,023,478</b>	<b>\$ 3,520,542</b>	<b>\$ 3,994,635</b>	<b>\$ 4,674,947</b>	<b>\$ 4,397,947</b>	<b>\$ 54,611,549</b>

# Seismic Assessment

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## **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
	<b>Sub Total</b>	<b>157,010,000</b>		<b>Sub Total</b>	<b>\$ 52,320,000</b>
				<b>Grand Total</b>	<b>209,330,000</b>

# Unfunded Seismic Needs

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- 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

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## 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

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## **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

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- 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

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

# IT Capital and Projects

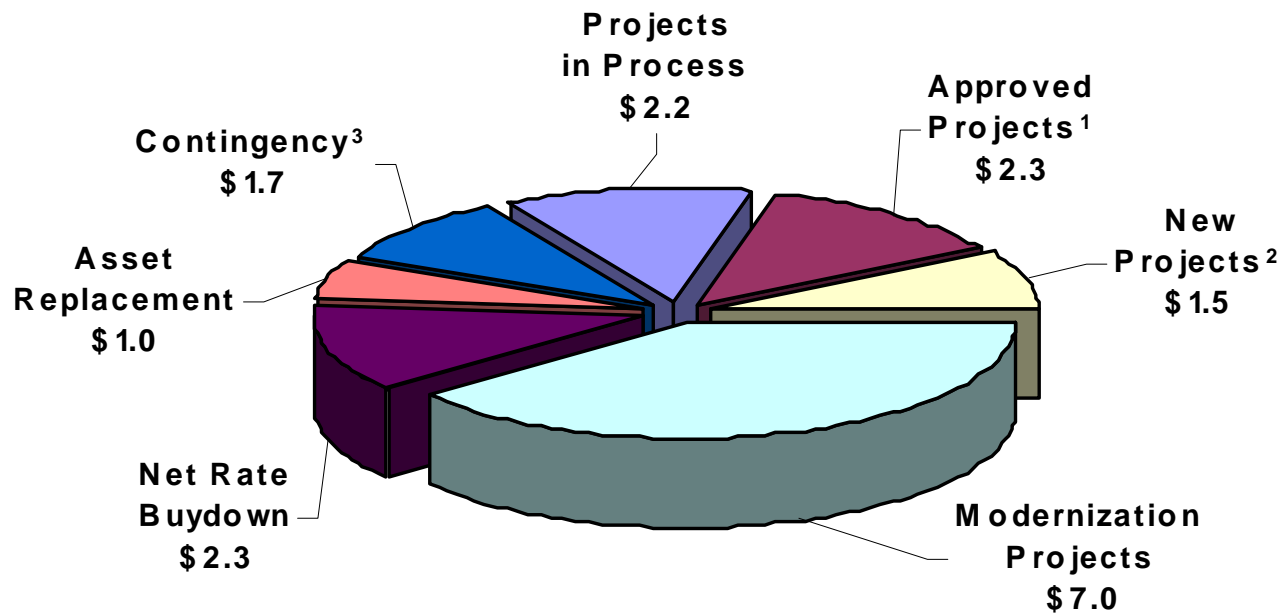
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- IT Innovation and Investment Funding
- Bond Funded Modernization Projects
- Asset Replacement



# Beginning Working Capital

(in Millions)



Total IT BWC: \$18M

<sup>1</sup> \$1.0 M transfer from Budget Office Program Offer 72030

<sup>2</sup> \$1.5 M Proposed New Project funding in County-wide Contingency Fund

<sup>3</sup> \$1.7 M IT Contingency budgeted in County-wide Contingency Fund

# ITAB Projects In Process

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## **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

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## **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

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**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

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



# Asset Replacement

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- Hardware Upgrades
- Software Upgrades

# Closing Remarks

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