

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE ) RESOLUTION NO. 08-3941A  
CAPITAL BUDGET FOR FISCAL YEARS ) Introduced by Michael Jordan, Chief  
2008-09 THROUGH 2012-13; RAISING THE ) Operating Officer with concurrence of  
INDIVIDUAL PROJECT REPORTING LIMIT; AND ) the Council President  
THE AMENDMENT AND READOPTION OF )  
METRO'S FINANCIAL POLICIES )

WHEREAS, Metro recognizes the need to prepare a long-range plan estimating the timing, scale and cost of its major capital projects & equipment purchases;

WHEREAS, Metro departments have inventoried existing major capital assets, prepared status reports on current capital projects and assessed future capital needs;

WHEREAS, a review of the minimum reporting limit of \$50,000 established in FY 1997-98 for a capital project indicates the need to increase that limit to \$100,000; and

WHEREAS, Metro's Chief Operating Officer has directed the preparation of a Capital Budget for fiscal years 2008-09 through 2012-13 that projects Metro's major capital spending needs over the next five years, assesses the impact of capital projects on the forecasted financial condition of Metro funds, and assesses the impact on operating costs; and

WHEREAS, the Metro Council has reviewed the FY 2008-09 through FY 2012-2013 Capital Budget; and

WHEREAS, the Metro Council Adopted Comprehensive Financial Policies for Metro by Resolution No. 04-3465 that calls for annual review and adoption of Metro's Comprehensive Financial Policies; and

WHEREAS, Metro's Finance Team has reviewed the Comprehensive Financial Policies; and

WHEREAS, Metro Council has reviewed the Comprehensive Financial Policies; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2008-09 through FY 2012-13 Capital Budget; now, therefore

BE IT RESOLVED that the Metro Council hereby authorizes the following:

1. That the FY 2008-09 through FY 2012-13 Capital Budget, summarized on Exhibit A, is hereby adopted.

2. That the Metro Council is requested to include the FY 2008-09 capital projects from the FY 2008-09 through FY 2012-13 Capital Budget in the FY 2008-09 budget.

3. That Metro's Financial Policies section "Capital Asset Management Policies", number 4 be amended to read: "Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than \$100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of \$100,000 or more that have a useful life of at least five years."

4. That the Comprehensive Financial Polices, included as Exhibit B to this Resolution, are adopted and included in the FY 2008-09 budget.

ADOPTED by the Metro Council this 26<sup>th</sup> day of June 2008.

  
David Bragdon, Metro Council President

Approved as to Form:

  
Daniel B. Cooper, Metro Attorney



Priority	Fund	Dept
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## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO 08-3941A

Finance			Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>General Fund Capital Fund - 612</b>										
1	Council Chamber Audio/Visual Upgrades		\$0	\$100,959	\$0	\$0	\$0	\$140,851	\$241,810	Fund Balance - Renewal and Replacement
2	Council/COO Building Space Remodel		\$4,664	\$150,000	\$0	\$0	\$0	\$0	\$154,664	Fund Balance - Capital Reserve
<b>General Fund Renewal and Replacement Fund</b>										
1	Rebuild Metro Regional Center planters		\$70,849	\$90,800	\$0	\$0	\$0	\$0	\$161,649	Fund Balance - Renewal and Replacement
2	Parking Structure Waterproofing		\$0	\$100,000	\$25,000	\$0	\$0	\$0	\$125,000	Fund Balance - Renewal and Replacement
3	Copier Replacement		\$290,544	\$47,000	\$52,020	\$50,923	\$51,957	\$50,788	\$543,232	Fund Balance - Renewal and Replacement
4	Carpet Replacement		\$0	\$75,000	\$100,000	\$100,000	\$111,000	\$0	\$386,000	Fund Balance - Renewal and Replacement
5	Replace Metro Regional Center telephone system		\$35,400	\$30,000	\$65,000	\$0	\$0	\$0	\$130,400	Fund Balance - Renewal and Replacement
6	Renewal and Replacement Property Services		\$0	\$15,000	\$82,386	\$26,545	\$0	\$54,748	\$178,679	Fund Balance - Renewal and Replacement
<b>Total - Finance</b>			<b>\$401,457</b>	<b>\$608,759</b>	<b>\$324,406</b>	<b>\$177,468</b>	<b>\$162,957</b>	<b>\$246,387</b>	<b>\$1,921,434</b>	

## Total Project Summary with Major Funding Source

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Information Technology	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>All Funds</b>								
1 Replace/Acquire Desktop Computers	\$539,966	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$939,966	Fund Balance - Capital Reserve
<b>General Fund Capital Fund - 612</b>								
1 Develop Enterprise Business Applications Software	\$334,528	\$150,000	\$0	\$0	\$0	\$0	\$484,528	Fund Balance - Capital Reserve
<b>General Fund Renewal and Replacement Fund</b>								
1 Net Appliance Alex File Server	\$0	\$132,600	\$0	\$0	\$0	\$143,531	\$276,131	Fund Balance - Renewal and Replacement
2 Upgrade of Business Enterprise Software (PeopleSoft	\$128,514	\$68,340	\$65,025	\$71,101	\$67,652	\$73,973	\$474,605	Fund Balance - Renewal and Replacement
3 Enterprise Productivity Platform Upgrade and Licensi	\$162,890	\$231,700	\$197,200	\$197,200	\$10,000	\$0	\$798,990	Fund Balance - Renewal and Replacement
4 Information Technology R&R Projects Under \$50,00	\$0	\$182,988	\$168,441	\$158,636	\$269,742	\$141,377	\$921,184	Fund Balance - Renewal and Replacement
5 Single Uninterruptible Power Source (UPS) for Comp	\$0	\$99,500	\$0	\$0	\$0	\$0	\$99,500	Fund Balance - Renewal and Replacement
<b>Planning Fund</b>								
1 Regional Land Information System (RLIS)	\$795,667	\$56,000	\$42,000	\$32,000	\$27,000	\$23,000	\$975,667	Other Capital Lease
2 Transportation Modeling Services Cluster Upgrade	\$69,000	\$25,000	\$80,000	\$25,000	\$68,200	\$25,000	\$292,200	Other
<b>Total - Information Technology</b>	<b>\$2,030,565</b>	<b>\$1,026,128</b>	<b>\$632,666</b>	<b>\$563,937</b>	<b>\$522,594</b>	<b>\$486,881</b>	<b>\$5,262,771</b>	

## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO 08-3941A

Oregon Zoo	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>General Revenue Bond Fund (Zoo)</b>								
1 Washington Park Parking Lot Renovation	\$4,406,795	\$201,200	\$0	\$0	\$0	\$0	\$4,607,995	Other
<b>Zoo Capital Projects Fund</b>								
1 Storm Water Connection to Big Pipe	\$125,000	\$125,000	\$0	\$0	\$0	\$0	\$250,000	Fund Balance - Capital Reserve
2 Predators of the Serengeti	\$380,730	\$3,670,000	\$0	\$0	\$75,000	\$0	\$4,125,730	Donations
3 Red Ape Reserve "Orangutan"	\$225,000	\$1,575,000	\$0	\$0	\$0	\$0	\$1,800,000	Excise Tax Renewal & Replacement
4 Primate Building Roof Replacement	\$0	\$120,000	\$0	\$0	\$0	\$0	\$120,000	Excise Tax Renewal & Replacement
5 Veterinary Hospital and Quarantine Design	\$70,000	\$30,000	\$0	\$0	\$0	\$0	\$100,000	Fund Balance - Capital Reserve
6 Primate Climbing Structure Replacement	\$60,000	\$30,000	\$0	\$0	\$0	\$0	\$90,000	Fund Balance - Renewal and Replacement
7 Family Farm Addition	\$0	\$51,000	\$0	\$0	\$0	\$0	\$51,000	Fund Balance - Capital Reserve
8 Primate Building - Forests of the World Exhibit	\$875,478	\$0	\$400,000	\$0	\$0	\$0	\$1,275,478	Fund Balance - Capital Reserve
9 Mandrill Exhibit	\$0	\$0	\$300,000	\$0	\$0	\$0	\$300,000	Fund Balance - Capital Reserve
10 California Condor Breeding Facility & Exhibit	\$1,928,956	\$0	\$0	\$1,000,000	\$0	\$0	\$2,928,956	Donations
11 Polar and Sun Bear Exhibit Renovation	\$0	\$0	\$0	\$500,000	\$0	\$0	\$500,000	Fund Balance - Capital Reserve
<b>General Fund Renewal and Replacement Fund</b>								
1 Campus Radio Replacement	\$0	\$229,500	\$0	\$0	\$0	\$0	\$229,500	Fund Balance - Renewal and Replacement
2 Perimeter USDA Fence	\$0	\$55,080	\$0	\$0	\$0	\$0	\$55,080	Fund Balance - Renewal and Replacement
3 FY 2008-09 Zoo Renewal and Replacement Projects	\$0	\$367,627	\$0	\$0	\$0	\$0	\$367,627	Fund Balance - Renewal and Replacement
4 AfriCafe HVAC Controls Replacement	\$0	\$51,000	\$0	\$0	\$0	\$0	\$51,000	Fund Balance - Renewal and Replacement
5 Primate Building HVAC Controls Replacement	\$0	\$51,000	\$0	\$0	\$0	\$0	\$51,000	Fund Balance - Renewal and Replacement
6 FY 2009-10 Zoo Renewal and Replacement Projects	\$0	\$0	\$667,592	\$0	\$0	\$0	\$667,592	Fund Balance - Renewal and Replacement
7 FY 2010-11 Zoo Renewal and Replacement Projects	\$0	\$0	\$0	\$748,273	\$0	\$0	\$748,273	Fund Balance - Renewal and Replacement
8 FY 2011-12 Zoo Renewal and Replacement Projects	\$0	\$0	\$0	\$0	\$711,018	\$0	\$711,018	Fund Balance - Renewal and Replacement
9 FY 2012-13 Zoo Renewal and Replacement Projects	\$0	\$0	\$0	\$0	\$0	\$856,348	\$856,348	Fund Balance - Renewal and Replacement
<b>Total - Oregon Zoo</b>	<b>\$8,071,959</b>	<b>\$6,556,407</b>	<b>\$1,367,592</b>	<b>\$2,248,273</b>	<b>\$786,018</b>	<b>\$856,348</b>	<b>\$19,886,597</b>	

## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO 08-3941A

Regional Parks and Greenspaces								
	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>Natural Areas Fund</b>								
1 Natural Areas Acquisition	\$35,000,000	\$35,000,000	\$35,000,000	\$35,000,000	\$25,000,000	\$2,070,963	\$167,070,963	G.O. Bonds - Open Spaces
2 Mount Talbert Nature Park	\$1,689,905	\$50,000	\$0	\$0	\$0	\$0	\$1,739,905	G.O. Bonds - Open Spaces
3 Cooper Mountain Nature Park	\$205,663	\$2,523,500	\$100,000	\$75,000	\$0	\$0	\$2,904,163	G.O. Bonds - Open Spaces
4 Graham Oaks Nature Park	\$277,507	\$1,600,402	\$0	\$0	\$0	\$0	\$1,877,909	G.O. Bonds - Open Spaces
5 Willamette Cove Nature Park	\$0	\$0	\$0	\$300,000	\$0	\$0	\$300,000	G.O. Bonds - Open Spaces
<b>Open Spaces Fund</b>								
1 Open Spaces Land Acquisition	\$129,516,675	\$407,781	\$0	\$0	\$0	\$0	\$129,924,456	G.O. Bonds - Open Spaces
<b>Regional Parks Capital Fund</b>								
1 Nature and Golf Learning Center at Blue Lake Park	\$691,149	\$5,758,000	\$3,000,000	\$0	\$0	\$0	\$9,449,149	Other
2 M. James Gleason Boat Ramp Renovation Phase I & I	\$1,188,520	\$2,435,800	\$0	\$0	\$0	\$0	\$3,624,320	Grants - State Marine Board
3 M. James Gleason Boat Ramp - Phase III & IV	\$0	\$0	\$0	\$800,000	\$0	\$0	\$800,000	Grants - State Marine Board
4 Stafford Field Station Office	\$0	\$70,000	\$0	\$0	\$0	\$0	\$70,000	Excise Tax Renewal & Replacement
5 Howell Territorial Park Restroom & Kitchen Upgrade	\$30,000	\$65,000	\$0	\$0	\$0	\$0	\$95,000	Excise Tax Renewal & Replacement
6 Blue Lake Water System Upgrade - Phase 2	\$10,000	\$70,000	\$0	\$0	\$0	\$0	\$80,000	Fund Balance - Capital Reserve
<b>General Fund Renewal and Replacement Fund</b>								
1 Regional Parks Renewal and Replacement	\$0	\$60,153	\$39,978	\$256,599	\$474,697	\$24,425	\$855,852	Fund Balance - Renewal and Replacement
2 Brainard Retaining Wall	\$0	\$76,500	\$0	\$0	\$0	\$0	\$76,500	Fund Balance - Renewal and Replacement
<b>Total - Regional Parks and Greenspaces</b>	<b>\$168,609,419</b>	<b>\$48,117,136</b>	<b>\$38,139,978</b>	<b>\$36,431,599</b>	<b>\$25,474,697</b>	<b>\$2,095,388</b>	<b>\$318,868,217</b>	

## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO 08-3941A

Solid Waste and Recycling	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>Solid Waste General Account</b>								
1 Metro Central - Seismic Cleanup	\$100,000	\$75,000	\$0	\$0	\$0	\$0	\$175,000	Fund Balance - Capital Reserve
2 Metro Central - Chimney Removal	\$135,000	\$30,000	\$0	\$0	\$0	\$0	\$165,000	Fund Balance - Capital Reserve
3 Metro Central - Locker room/restroom remodel	\$0	\$165,000	\$0	\$0	\$0	\$0	\$165,000	Fund Balance - Capital Reserve
4 Metro Central - Rainwater Harvesting	\$0	\$150,000	\$160,000	\$0	\$0	\$0	\$310,000	Fund Balance - Capital Reserve
5 Metro South - Wood Staging Structure	\$0	\$80,000	\$570,000	\$0	\$0	\$0	\$650,000	Fund Balance - Capital Reserve
6 Metro South - Wood Processing Capacity	\$53,500	\$60,000	\$595,000	\$150,000	\$0	\$0	\$858,500	Fund Balance - Capital Reserve
7 Metro South - Natural Lighting Improvements	\$0	\$0	\$75,000	\$0	\$0	\$0	\$75,000	Fund Balance - Capital Reserve
8 Metro South - New Operations Supervisors' Office	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Fund Balance - Capital Reserve
9 Metro Central - Tarping Station	\$0	\$0	\$200,000	\$0	\$0	\$0	\$200,000	Fund Balance - Capital Reserve
10 Power Surge Protection for scalehouses at MSS & M	\$0	\$0	\$150,000	\$0	\$0	\$0	\$150,000	Fund Balance - Capital Reserve
11 Sort Line for Metro Central Station	\$0	\$0	\$0	\$864,000	\$0	\$0	\$864,000	Fund Balance - Capital Reserve
12 Expansion of MCS-HHW facility	\$0	\$0	\$0	\$0	\$0	\$863,000	\$863,000	Fund Balance - Capital Reserve
13 Improvements to Metro South truck entrance/exit	\$0	\$0	\$110,000	\$0	\$0	\$0	\$110,000	Fund Balance - Capital Reserve
14 Reader Board at MSS entrance	\$0	\$0	\$200,000	\$0	\$0	\$0	\$200,000	Fund Balance - Capital Reserve
15 Metro South HHW - Extend Canopy	\$0	\$0	\$0	\$0	\$75,000	\$0	\$75,000	Fund Balance - Capital Reserve
16 Metro Central HHW - Extend Canopy	\$0	\$0	\$0	\$0	\$75,000	\$0	\$75,000	Fund Balance - Capital Reserve
17 Metro South - Install High Capacity Baler	\$0	\$0	\$0	\$255,000	\$375,000	\$0	\$630,000	Fund Balance - Capital Reserve
18 Metro South- Installation of Compactor for Public Un	\$0	\$0	\$0	\$200,000	\$680,000	\$0	\$880,000	Fund Balance - Capital Reserve
19 Future Master Facility Plan Improvements	\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000	Fund Balance - Capital Reserve
<b>Solid Waste Landfill Closure</b>								
1 St. John's - Groundwater Monitoring Wells	\$200,000	\$10,800	\$0	\$0	\$0	\$0	\$210,800	Fund Balance - Landfill Closure
2 St John's - Perimeter Dike Stabilization and Seepage	\$323,622	\$400,000	\$6,000	\$6,000	\$3,000	\$3,000	\$741,622	Fund Balance - Landfill Closure
3 St. John's - Re-establish Proper Drainage	\$621,331	\$0	\$252,000	\$5,000	\$5,000	\$0	\$883,331	Fund Balance - Landfill Closure
4 St. John's - Landfill Bridge Repairs	\$30,000	\$120,000	\$0	\$0	\$0	\$0	\$150,000	Fund Balance - Landfill Closure
5 St. John's - Landfill Remediation	\$0	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000	Fund Balance - Landfill Closure
<b>SW Renewal &amp; Replacement Account</b>								
1 Metro Central - Transfer trailer Scale Replacement	\$0	\$190,000	\$0	\$0	\$0	\$0	\$190,000	Fund Balance - Renewal and Replacement
2 Metro Central HHW - Chiller Replacement	\$32,000	\$68,000	\$0	\$0	\$0	\$0	\$100,000	Fund Balance - Renewal and Replacement
3 Metro Central - Compactor Replacement	\$200,000	\$700,000	\$0	\$0	\$0	\$0	\$900,000	Fund Balance - Renewal and Replacement
4 Metro Central- Scalehouse A Outbound scale	\$0	\$90,000	\$0	\$0	\$0	\$0	\$90,000	Fund Balance - Renewal and Replacement
5 Metro Central - Truckwash	\$0	\$35,000	\$285,000	\$0	\$0	\$0	\$320,000	Fund Balance - Renewal and Replacement
6 Metro Central-HHW- Ventilation System Replacemen	\$0	\$140,000	\$0	\$0	\$0	\$0	\$140,000	Fund Balance - Renewal and Replacement
7 Metro South - Compactor Replacement	\$3,638	\$0	\$600,000	\$600,000	\$0	\$0	\$1,203,638	Fund Balance - Renewal and Replacement
8 Metro South- Replace Ventilation System Component	\$0	\$0	\$140,000	\$0	\$0	\$0	\$140,000	Fund Balance - Renewal and Replacement
9 Metro Central - Scalehouse A Inbound scale	\$0	\$0	\$90,000	\$0	\$0	\$0	\$90,000	Fund Balance - Renewal and Replacement
10 Metro Central - Scalehouse "C" Scale Replacement	\$0	\$0	\$0	\$100,000	\$0	\$0	\$100,000	Fund Balance - Renewal and Replacement
11 Metro South - Outdoor/Site Lighting	\$0	\$75,000	\$0	\$0	\$0	\$0	\$75,000	Fund Balance - Renewal and Replacement
12 Metro Central - Replace metal wall system	\$0	\$0	\$0	\$0	\$170,000	\$0	\$170,000	Fund Balance - Renewal and Replacement
13 Metro Central - Roll-up Doors	\$0	\$0	\$0	\$0	\$65,000	\$0	\$65,000	Fund Balance - Renewal and Replacement
14 Metro Central Standby Power Generator	\$0	\$0	\$0	\$0	\$0	\$135,000	\$135,000	Fund Balance - Renewal and Replacement

## Total Project Summary with Major Funding Source

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Priority
Fund
Dept

Solid Waste and Recycling	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
15 Metro Central - Baler Conveyor	\$0	\$0	\$0	\$0	\$220,000	\$0	\$220,000	Fund Balance - Renewal and Replacement
16 Metro South - Modify Entry Way to Operations Bld.	\$0	\$0	\$175,000	\$0	\$0	\$0	\$175,000	Fund Balance - Renewal and Replacement
<b>Total - Solid Waste and Recycling</b>	<b>\$1,699,091</b>	<b>\$2,388,800</b>	<b>\$3,708,000</b>	<b>\$3,180,000</b>	<b>\$2,668,000</b>	<b>\$3,001,000</b>	<b>\$16,644,891</b>	



## **METRO FINANCIAL POLICIES**

### **Metro Financial Policies**

Metro's financial policies, set forth below, provide the framework for the overall fiscal management of the agency. Operating independently of changing circumstances and conditions, these policies are designed to help safeguard Metro's assets, promote effective and efficient operations, and support the achievement of Metro's strategic goals.

These policies establish basic principles to guide Metro's elected officials and staff in carrying out their financial duties and fiduciary responsibilities. The Chief Financial Officer shall establish procedures to implement the policies established in this document.

### ***General Policies***

1. Metro's Financial Policies shall be reviewed annually by the Council and shall be published in the adopted budget.
2. Metro shall prepare its annual budget and Comprehensive Annual Financial Report consistent with accepted public finance professional standards.
3. The Chief Financial Officer shall establish and maintain appropriate financial and internal control procedures to assure the integrity of Metro's finances.
4. Metro shall comply with all applicable state and federal laws and regulations concerning financial management and reporting, budgeting, and debt administration.

### ***Accounting, Auditing and Financial Reporting***

1. Metro shall annually prepare and publish a Comprehensive Annual Financial Report including financial statements and notes prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.
2. Metro shall maintain its accounting records on a basis of accounting consistent with the annual budget ordinance.
3. Metro shall have an independent financial and grant compliance audit performed annually in accordance with generally accepted auditing standards.

### ***Budgeting and Financial Planning***

1. As prescribed in Oregon budget law, total resources shall equal total requirements in each fund, including contingencies and fund balances. However, Metro considers a budget to be balanced whenever budgeted revenues equal or exceed budgeted expenditures. Beginning fund balances shall not be considered as revenue, nor shall contingencies or ending fund balances be considered expenditures, in determining whether a fund is in balance.

## **METRO FINANCIAL POLICIES**

2. Metro shall maintain fund balance reserves that are appropriate to the needs of each fund. Targeted reserve levels shall be established and reviewed annually as part of the budget process. Use of fund balance to support budgeted operations in the General Fund, an operating fund, or a central service fund shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses.
3. Metro staff shall regularly monitor actual revenues and expenditures and report to Council at least quarterly on how they compare to budgeted amounts, to ensure compliance with the adopted budget. Any significant changes in financial status shall be timely reported to the Council.
4. Metro shall use its annual budget to identify and report on department or program goals and objectives and measures of performance.
5. A new program or service shall be evaluated before it is implemented to determine its affordability.
6. Metro shall authorize grant-funded programs and associated positions for a period not to exceed the length of the grant unless alternative funding can be secured.
7. Each operating fund will maintain a contingency account to meet unanticipated requirements during the budget year. The amount shall be appropriate for each fund.
8. Metro shall prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses, and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Council.
9. Metro will annually prepare a cost allocation plan prepared in accordance with applicable federal guidelines to maintain and maximize the recovery of indirect costs from federal grants, and to maintain consistency and equity in the allocation process.

### ***Capital Asset Management***

1. Metro shall budget for the adequate maintenance of capital equipment and facilities and for their orderly replacement, consistent with longer-term planning for the management of capital assets.
2. The Council's previously-adopted policies governing capital asset management are incorporated by reference into these policies.

### ***Cash Management and Investments***

1. Metro shall maintain an investment policy in the Metro Code, which shall be subject to annual review and readoption.
2. Metro shall schedule disbursements, collections and deposits of all funds to ensure maximum cash availability and investment potential.

## **METRO FINANCIAL POLICIES**

3. Metro shall manage its investment portfolio with the objectives of safety of principal as the highest priority, liquidity adequate to needs as the second highest priority, and yield from investments as its third highest priority.

### ***Debt Management***

1. Metro shall issue long-term debt only to finance capital improvements, including land acquisition, that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations.
2. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by the Council.
3. Metro shall repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt.
4. Metro shall fully disclose financial and pertinent credit information as it relates to Metro's outstanding securities.
5. Metro shall strive to obtain the highest credit ratings to ensure that borrowing costs are minimized and Metro's access to credit is preserved.
6. Equipment and vehicles should be financed using the least costly method, including comparison to direct cash expenditure. This applies to purchase using operating leases, capital leases, bank financing, company financing or any other purchase programs.

### ***Revenues***

1. Metro shall estimate revenues through an objective, analytical process.
2. Metro shall strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source.
3. One-time revenues shall be used to support one-time expenditures or increase fund balance.
4. Metro shall pursue appropriate grant opportunities; however, before accepting any grant, Metro will consider the current and future implications of either accepting or rejecting it. The Chief Financial Officer may establish criteria to be used in evaluating the potential implications of accepting grants.

## Capital Asset Management Policies

The following policies establish the framework for Metro's overall capital asset planning and management. They provide guidance for current practices and a framework for evaluation of proposals for future projects. These policies also seek to improve Metro's financial stability by providing a consistent approach to fiscal strategy. Adopted financial policies show the credit rating industry and prospective investors (bond buyers) the agency's commitment to sound financial management and fiscal integrity. Adherence to adopted policies ensures the integrity and clarity of the financial planning process and can lead to improvement in bond ratings and lower cost of capital.

1. Metro shall operate and maintain its physical assets in a manner that protects the public investment and ensures achievement of their maximum useful life.

*Ensuring the maximum useful life for public assets is a primary agency responsibility. Establishing clear policies and procedures for monitoring, maintaining, repairing and replacing essential components of facilities is central to good management practices. It is expected that each Metro department will have written policies and procedures that address:*

- *Multi-year planning for renewal and replacement of facilities and their major components;*
- *Annual maintenance plans.*

2. Metro shall establish a Renewal & Replacement Reserve account for each operating fund responsible for major capital assets.

*Ensuring that the public receives the maximum benefit for their investments in major facilities and equipment requires an ongoing financial commitment. A Renewal & Replacement Reserve should initially be established based on the value of the asset and consideration of known best asset management practices. Periodic condition assessments should identify both upcoming renewal and replacement projects and the need to adjust reserves to support future projects. If resources are not sufficient to fully fund the Reserve without program impacts, the Council will be consider alternatives during the annual budget process. Establishing and funding the Reserve demonstrates Metro's ongoing capacity and commitment to these public investments.*

3. Metro shall prepare, adopt and update at least annually a five-year Capital Improvement Plan (CIP). The Plan will identify and set priorities for all major capital assets to be acquired or constructed by Metro. The first year of the adopted CIP shall be included in the Proposed Budget.

*The primary method for Metro departments to fulfill the need for multi-year planning is the Capital Improvement Planning process. The CIP allows a comprehensive look at Metro's capital needs for both new facilities and renewal and replacement of existing ones, and allows the Council to make the necessary decisions to ensure financial resources match forecasted needs.*

## Capital Asset Management Policies

4. Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than \$100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of \$100,000 or more that have a useful life of at least five years.

*A clear threshold ensures that the major needs are identified and incorporated in financial plans.*

5. An assessment of each Metro facility will be conducted at least every five years. The report shall identify repairs needed in the coming five years to ensure the maximum useful life of the asset. This information shall be the basis for capital improvement planning for existing facilities and in determining the adequacy of the existing Renewal & Replacement Reserves.

*A foundation step for capital planning is an understanding of the current conditions of Metro facilities. It is expected that Metro departments have a clear, documented process for assessing facility condition at least every five years. The assessment processes may range from formal, contracted engineering studies to in-house methods such as peer reviews. The assessment should identify renewal and replacement projects that should be done within the following five years. The Renewal & Replacement Reserve account should be evaluated and adjusted to reflect the greater of the average renewal & replacement project needs over the coming five years or 2% of the current facility replacement value.*

6. The Capital Improvement Plan will identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

*Using the information provided by facility assessments, Metro departments should use the CIP process to identify the resources necessary to keep facilities in an adequate state of repair. In situations where financial resources force choices between programs and facility repair, the annual budget process should highlight these policy choices for Council action.*

7. A five-year forecast of revenues and expenditures will be prepared in conjunction with the capital budgeting process. The forecast will include a discussion of major trends affecting Agency operations, incorporate the operating and capital impact of new projects, and determine available capacity to fully fund the Renewal & Replacement Reserve.

*Incorporation of capital needs into agency five-year forecasts ensures that problem areas are identified early enough that action can be taken to ensure both the maintenance of Metro facilities and integrity of Metro services.*

## Capital Asset Management Policies

8. To the extent possible, improvement projects and major equipment purchases will be funded on a pay-as-you-go basis from existing or foreseeable revenue sources. Fund Balances above established reserve requirements may be used for one-time expenditures such as capital equipment or financing of capital improvements.

*Preparing a CIP and incorporating it into five-year forecasts enables Metro to plan needed capital spending within foreseeable revenues. This minimizes the more costly use of debt for capital financing and ensures renewal and replacement of facility components takes place without undue financial hardship to operations.*

9. Debt (including capital leases) may only be used to finance capital, including land acquisition, not ongoing operations. Projects that are financed through debt must have a useful service life at least equal to the debt repayment period.

*Because interest costs impact taxpayers and customers, debt financing should be utilized only for the creation or full replacement of major capital assets.*

10. When choosing funding sources for capital items, every effort should be made to fund enterprise projects either with revenue bonds or self-liquidating general obligation bonds. For the purpose of funding non-enterprise projects other legally permissible funding sources, such as systems development charges should be considered.

11. Acquisition or construction of new facilities shall be done in accordance with Council adopted facility and/or master plans. Prior to approving the acquisition or construction of a new asset, Council shall be presented with an estimate of the full cost to operate and maintain the facility through its useful life and the plan for meeting these costs. At the time of approval, Council will determine and establish the Renewal & Replacement Reserve policy for the asset to ensure resources are adequate to meet future major maintenance needs.

*New Metro facilities should be planned within the overall business and service objectives of the agency. To ensure that the public gains the maximum utility from the new facility or capital asset, Metro should identify the full cost of building and operating the facility throughout its useful life. Resources generated from its operation or other sources should be identified to meet these needs.*

## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION NO. 08-3941A, FOR THE PURPOSE OF ADOPTING THE CAPITAL BUDGET FOR FISCAL YEARS 2008-09 THROUGH 2012-13; RAISING THE INDIVIDUAL PROJECT REPORTING LIMIT; AND THE AMENDMENT AND READOPTION OF METRO'S FINANCIAL POLICIES

Date: May 30, 2008

Presented by: William Stringer, Chief Financial Officer

## BACKGROUND

A. The Capital Budget for Fiscal Years 2008-09 through 2012-13 represents Metro's long-range capital improvement planning process. Metro has established a sound base to forecast the agency's capital needs and balance those needs with available resources. As a result, Metro has been able to coordinate the financing and timing of its capital improvements in a way that maximizes the benefits to the public and provides opportunities to save money. If a project comes up unexpectedly during the year, departments need to follow an established amendment process to insure that Council's authority is obtained. The amendment process is in conjunction with the contracting procedures or, if no contract is required, through a separate resolution.

B. In addition to approving the five-year capital budget, staff requests the authority to increase to \$100,000 the need for Council approval on individual projects beginning with the FY 2009-10 capital budget submission. The reporting limit for the Capital Budget was set in FY 1997-98 to insure that any significant project would receive the approval of the Metro Council prior to proceeding. The \$50,000 level has not been adjusted during that period. The types of projects that fall into the \$50,000 to \$100,000 category are generally renewal and replacement. This action will allow a greater focus on those projects that have a significant fiscal impact on the agency and allow management to handle the smaller less significant projects. This increase would also match the current threshold for public improvement projects of \$100,000. The following projects in the Proposed Capital Budget are less than \$100,000. Six of the projects are new while the rest are renewal and replacement. Of the 88 projects in the Approved Budget, 14 are under \$100,000 and listed as follows:

<u>PROJECT</u>	<u>AMOUNT</u>	<u>NEW/R&amp;R</u>	<u>Project Yr</u>
Family Farm Addition	\$51,000	New	FY 2008-09
Stafford Field Station	\$70,000	New	FY 2008-09
Howell Ter. Park Restoration & Kitchen Upgrade	\$95,000	New	FY 2008-09
Perimeter USDA Fence	\$55,080	R&R	FY 2008-09
AfriCafe HVAC Controls Replacement	\$51,000	R&R	FY 2008-09
Primate Building HVAC Controls Replacement	\$51,000	R&R	FY 2008-09
Brainard Retaining Wall	\$76,500	R&R	FY 2008-09
Metro South - Natural Lighting Improvements	\$75,000	New	FY 2009-10
Metro Central HHW - Extend Canopy	\$75,000	New	FY 2011-12
Metro South HHW - Extend Canopy	\$75,000	New	FY2011-12
Metro Central- Scalehouse A Outbound scale	\$90,000	R&R	FY 2008-09
Metro Central - Roll-up Doors	\$65,000	R&R	FY 2011-12
Metro Central - Scalehouse A Inbound scale	\$90,000	R&R	FY 2009-10
Metro South - Outdoor/Site Lighting	\$75,000	R&R	FY 2008-09

C. This resolution also provides for the annual review and re-adoption of Metro's financial policies. Only one change, the increase to \$100,000 the capital improvement project to be included in the annual Capital

Improvement Plan, is proposed to the financial policies that went through an extensive review process and were adopted by Resolution No. 04-3465 in FY 2003-04. The redlined policies are attached as Exhibit B to the resolution. The change to the project level will be effective July 1, 2008 and included in the FY 2009-10 Capital Improvement Plan submission. The FY 2008-09 Capital Improvement Plan will still show the projects under \$100,000 but amendments will only be required for projects \$100,000 and over.

The current policies address six specific areas of financial management as well as a series of general policies. Several of these simply echo federal or state laws and regulations, or establish as policy certain practices that are currently being done. Highlights of those policies include:

- The policies will be reviewed annually by the Council and published in the adopted budget.
- The Chief Financial Officer will develop guidelines and procedures in a number of areas, including determination of fund balances appropriate to each major fund, determination of appropriate contingencies to be maintained, and internal controls.
- 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 add 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 and the annual review of Metro's Comprehensive Financial Policies.
3. **Anticipated Effects:** The resolution signifies the Council has reviewed and approved the Capital Budget covering the years FY 2009-2013.

Within the 92 projects planned during the five years covered by this Capital Budget are projects for replacing or improving existing facilities, projects purchasing new equipment, and projects that create new facilities. The total cost for these projects during the five years is estimated to be \$182 million.

This Resolution is the formal instrument by which the plan will be adopted and the first year incorporated into the Adopted Budget. Exhibit A is the summary of the Capital Budget of which all of the projects with expenditures in FY 2008-09, those specific FY 2008-09 amounts will be incorporated, as amended, into the Adopted Capital Budget.

This Resolution amends and re-adopts Metro's Comprehensive Financial Policies by changing the definition of a Capital Project to "Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than \$100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of



\$100,000 or more that have a useful life of at least five years” increasing the project amount from \$50,000 to \$100,000. This change will be effective with the FY 2008-09 Capital Improvement Plan.

4. **Budget Impacts:** The plan’s FY 2008-09 amounts are the amounts to be incorporated into the FY 2008-09 Adopted Budget.

#### **RECOMMENDED ACTION**

The Council President recommends adoption of Resolution No. 08-3941A, in concurrence with the Chief Financial Officer and Chief Operating Officer.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE ) RESOLUTION NO. 08-3941  
CAPITAL BUDGET FOR FISCAL YEARS ) Introduced by Michael Jordan, Chief  
2008-09 THROUGH 2012-13; RAISING THE ) Operating Officer with concurrence of  
INDIVIDUAL PROJECT REPORTING LIMIT; AND ) the Council President  
THE AMENDMENT AND READOPTION OF )  
METRO'S FINANCIAL POLICIES )

WHEREAS, Metro recognizes the need to prepare a long-range plan estimating the timing, scale and cost of its major capital projects & equipment purchases;

WHEREAS, Metro departments have inventoried existing major capital assets, prepared status reports on current capital projects and assessed future capital needs;

WHEREAS, a review of the minimum reporting limit of \$50,000 established in FY 1997-98 for a capital project indicates the need to increase that limit to \$100,000; and

WHEREAS, Metro's Chief Operating Officer has directed the preparation of a Capital Budget for fiscal years 2008-09 through 2012-13 that projects Metro's major capital spending needs over the next five years, assesses the impact of capital projects on the forecasted financial condition of Metro funds, and assesses the impact on operating costs; and

WHEREAS, the Metro Council has reviewed the FY 2008-09 through FY 2012-2013 Capital Budget; and

WHEREAS, the Metro Council Adopted Comprehensive Financial Policies for Metro by Resolution No. 04-3465 that calls for annual review and adoption of Metro's Comprehensive Financial Policies; and

WHEREAS, Metro's Finance Team has reviewed the Comprehensive Financial Policies; and

WHEREAS, Metro Council has reviewed the Comprehensive Financial Policies; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2008-09 through FY 2012-13 Capital Budget; now, therefore

BE IT RESOLVED that the Metro Council hereby authorizes the following:

1. That the FY 2008-09 through FY 2012-13 Capital Budget, summarized on Exhibit A, is hereby adopted.

2. That the Metro Council is requested to include the FY 2008-09 capital projects from the FY 2008-09 through FY 2012-13 Capital Budget in the FY 2008-09 budget.

3. That Metro's Financial Policies section "Capital Asset Management Policies", number 4 be amended to read: "Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than ~~\$50,000~~\$100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of ~~\$50,000~~\$100,000 or more that have a useful life of at least five years."

4. That the Comprehensive Financial Polices, included as Exhibit B to this Resolution, are adopted and included in the FY 2008-09 budget.

ADOPTED by the Metro Council this \_\_\_\_ day of \_\_\_\_\_ 2008.

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David Bragdon, Metro Council President

Approved as to Form:

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Daniel B. Cooper, Metro Attorney

Priority
Fund
Dept

## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO. 08-3941

Finance		Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>General Fund Capital Fund - 612</b>									
4	Council/COO Building Space Remodel	\$4,664	\$150,000	\$0	\$0	\$0	\$0	\$154,664	Fund Balance - Capital Reserve
<b>General Fund Renewal and Replacement Fund</b>									
1	Rebuild Metro Regional Center planters	\$83,649	\$78,000	\$0	\$0	\$0	\$0	\$161,649	Fund Balance - Renewal and Replacement
2	Parking Structure Waterproofing	\$0	\$100,000	\$25,000	\$0	\$0	\$0	\$125,000	Fund Balance - Renewal and Replacement
3	Copier Replacement	\$290,544	\$47,000	\$52,020	\$50,923	\$51,957	\$50,788	\$543,232	Fund Balance - Renewal and Replacement
4	Carpet Replacement	\$0	\$75,000	\$100,000	\$100,000	\$111,000	\$0	\$386,000	Fund Balance - Renewal and Replacement
5	Replace Metro Regional Center telephone system	\$35,400	\$30,000	\$65,000	\$0	\$0	\$0	\$130,400	Fund Balance - Renewal and Replacement
6	Renewal and Replacement Property Services	\$0	\$15,000	\$82,386	\$26,545	\$0	\$54,748	\$178,679	Fund Balance - Renewal and Replacement
7	Council Chamber Audio/Visual Upgrades	\$100,959	\$0	\$0	\$0	\$0	\$140,851	\$241,810	Fund Balance - Renewal and Replacement
<b>Total - Finance</b>		<b>\$515,216</b>	<b>\$495,000</b>	<b>\$324,406</b>	<b>\$177,468</b>	<b>\$162,957</b>	<b>\$246,387</b>	<b>\$1,921,434</b>	

## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO. 08-3941

Information Technology								
	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>All Funds</b>								
1 Replace/Acquire Desktop Computers	\$539,966	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$939,966	Fund Balance - Capital Reserve
<b>General Fund Capital Fund - 612</b>								
5 Develop Enterprise Business Applications Software	\$334,528	\$150,000	\$0	\$0	\$0	\$0	\$484,528	Fund Balance - Capital Reserve
<b>General Fund Renewal and Replacement Fund</b>								
1 Net Appliance Alex File Server	\$0	\$132,600	\$0	\$0	\$0	\$143,531	\$276,131	Fund Balance - Renewal and Replacement
2 Upgrade of Business Enterprise Software (PeopleSoft	\$128,514	\$68,340	\$65,025	\$71,101	\$67,652	\$73,973	\$474,605	Fund Balance - Renewal and Replacement
3 Enterprise Productivity Platform Upgrade and Licensi	\$162,890	\$231,700	\$197,200	\$197,200	\$10,000	\$0	\$798,990	Fund Balance - Renewal and Replacement
4 Information Technology R&R Projects Under \$50,00	\$0	\$182,988	\$168,441	\$158,636	\$269,742	\$141,377	\$921,184	Fund Balance - Renewal and Replacement
5 Single Uninterruptible Power Source (UPS) for Comp	\$90,000	\$0	\$0	\$0	\$0	\$22,082	\$112,082	Fund Balance - Capital Reserve
<b>Planning Fund</b>								
1 Regional Land Information System (RLIS)	\$795,667	\$56,000	\$42,000	\$32,000	\$27,000	\$23,000	\$975,667	Other Capital Lease
2 Transportation Modeling Services Cluster Upgrade	\$69,000	\$25,000	\$80,000	\$25,000	\$68,200	\$25,000	\$292,200	Other
<b>Total - Information Technology</b>	<b>\$2,120,565</b>	<b>\$926,628</b>	<b>\$632,666</b>	<b>\$563,937</b>	<b>\$522,594</b>	<b>\$508,963</b>	<b>\$5,275,353</b>	

### Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO. 08-3941

Oregon Zoo		Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>General Revenue Bond Fund (Zoo)</b>									
1	Washington Park Parking Lot Renovation	\$4,406,795	\$201,200	\$0	\$0	\$0	\$0	\$4,607,995	Other
<b>Zoo Capital Projects Fund</b>									
1	Predators of the Serengeti	\$380,730	\$3,670,000	\$0	\$0	\$75,000	\$0	\$4,125,730	Donations
2	Red Ape Reserve "Orangutan"	\$225,000	\$1,575,000	\$0	\$0	\$0	\$0	\$1,800,000	Excise Tax Renewal & Replacement
3	Family Farm Addition	\$0	\$51,000	\$0	\$0	\$0	\$0	\$51,000	Fund Balance - Capital Reserve
4	Storm Water Connection to Big Pipe	\$125,000	\$125,000	\$0	\$0	\$0	\$0	\$250,000	Fund Balance - Capital Reserve
5	Primate Building - Forests of the World Exhibit	\$875,478	\$0	\$400,000	\$0	\$0	\$0	\$1,275,478	Fund Balance - Capital Reserve
6	Mandrill Exhibit	\$0	\$0	\$300,000	\$0	\$0	\$0	\$300,000	Fund Balance - Capital Reserve
7	California Condor Breeding Facility & Exhibit	\$1,928,956	\$0	\$0	\$1,000,000	\$0	\$0	\$2,928,956	Donations
8	Polar and Sun Bear Exhibit Renovation	\$0	\$0	\$0	\$500,000	\$0	\$0	\$500,000	Fund Balance - Capital Reserve
<b>General Fund Renewal and Replacement Fund</b>									
1	FY 2008-09 Zoo Renewal and Replacement Projects	\$0	\$357,627	\$0	\$0	\$0	\$0	\$357,627	Fund Balance - Renewal and Replacement
2	Perimeter USDA Fence	\$0	\$55,080	\$0	\$0	\$0	\$0	\$55,080	Fund Balance - Renewal and Replacement
3	Campus Radio Replacement	\$0	\$229,500	\$0	\$0	\$0	\$0	\$229,500	Fund Balance - Renewal and Replacement
4	AfriCafe HVAC Controls Replacement	\$0	\$51,000	\$0	\$0	\$0	\$0	\$51,000	Fund Balance - Renewal and Replacement
5	Primate Building HVAC Controls Replacement	\$0	\$51,000	\$0	\$0	\$0	\$0	\$51,000	Fund Balance - Renewal and Replacement
6	FY 2009-10 Zoo Renewal and Replacement Projects	\$0	\$0	\$667,592	\$0	\$0	\$0	\$667,592	Fund Balance - Renewal and Replacement
7	FY 2010-11 Zoo Renewal and Replacement Projects	\$0	\$0	\$0	\$748,273	\$0	\$0	\$748,273	Fund Balance - Renewal and Replacement
8	FY 2011-12 Zoo Renewal and Replacement Projects	\$0	\$0	\$0	\$0	\$711,018	\$0	\$711,018	Fund Balance - Renewal and Replacement
9	FY 2012-13 Zoo Renewal and Replacement Projects	\$0	\$0	\$0	\$0	\$0	\$856,348	\$856,348	Fund Balance - Renewal and Replacement
<b>Total - Oregon Zoo</b>		<b>\$7,941,959</b>	<b>\$6,366,407</b>	<b>\$1,367,592</b>	<b>\$2,248,273</b>	<b>\$786,018</b>	<b>\$856,348</b>	<b>\$19,566,597</b>	

## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO. 08-3941

Regional Parks and Greenspaces								
	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>Natural Areas Fund</b>								
1 Natural Areas Acquisition	\$35,000,000	\$35,000,000	\$35,000,000	\$35,000,000	\$25,000,000	\$2,070,963	\$167,070,963	G.O. Bonds - Open Spaces
2 Mount Talbert Nature Park	\$1,689,905	\$50,000	\$0	\$0	\$0	\$0	\$1,739,905	G.O. Bonds - Open Spaces
3 Cooper Mountain Nature Park	\$205,663	\$2,523,500	\$100,000	\$75,000	\$0	\$0	\$2,904,163	G.O. Bonds - Open Spaces
4 Graham Oaks Nature Park	\$277,507	\$1,600,402	\$0	\$0	\$0	\$0	\$1,877,909	G.O. Bonds - Open Spaces
5 Willamette Cove Nature Park	\$0	\$0	\$0	\$300,000	\$0	\$0	\$300,000	G.O. Bonds - Open Spaces
<b>Open Spaces Fund</b>								
1 Open Spaces Land Acquisition	\$129,516,675	\$407,781	\$0	\$0	\$0	\$0	\$129,924,456	G.O. Bonds - Open Spaces
<b>Regional Parks Capital Fund</b>								
1 Nature and Golf Learning Center at Blue Lake Park	\$691,149	\$5,758,000	\$3,000,000	\$0	\$0	\$0	\$9,449,149	Other
2 M. James Gleason Boat Ramp Renovation Phase I & I	\$1,188,520	\$2,435,800	\$0	\$0	\$0	\$0	\$3,624,320	Grants - State Marine Board
3 M. James Gleason Boat Ramp - Phase III & IV	\$0	\$0	\$0	\$800,000	\$0	\$0	\$800,000	Grants - State Marine Board
4 Stafford Field Station Office	\$0	\$70,000	\$0	\$0	\$0	\$0	\$70,000	Excise Tax Renewal & Replacement
5 Howell Territorial Park Restroom & Kitchen Upgrade	\$30,000	\$65,000	\$0	\$0	\$0	\$0	\$95,000	Excise Tax Renewal & Replacement
<b>General Fund Renewal and Replacement Fund</b>								
1 Regional Parks Renewal and Replacement	\$0	\$60,153	\$39,978	\$256,599	\$474,697	\$24,425	\$855,852	Fund Balance - Renewal and Replacement
2 Brainard Retaining Wall	\$0	\$76,500	\$0	\$0	\$0	\$0	\$76,500	Fund Balance - Renewal and Replacement
<b>Total - Regional Parks and Greenspaces</b>	<b>\$168,599,419</b>	<b>\$48,047,136</b>	<b>\$38,139,978</b>	<b>\$36,431,599</b>	<b>\$25,474,697</b>	<b>\$2,095,388</b>	<b>\$318,788,217</b>	

## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO. 08-3941

Solid Waste and Recycling	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
<b>Solid Waste General Account</b>								
1 Metro South - Natural Lighting Improvements	\$0	\$0	\$75,000	\$0	\$0	\$0	\$75,000	Fund Balance - Capital Reserve
2 Metro Central - Seismic Cleanup	\$100,000	\$75,000	\$0	\$0	\$0	\$0	\$175,000	Fund Balance - Capital Reserve
2 Metro South - New Operations Supervisors' Office	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Fund Balance - Capital Reserve
3 Metro Central - Chimney Removal	\$135,000	\$30,000	\$0	\$0	\$0	\$0	\$165,000	Fund Balance - Capital Reserve
3 Metro Central - Locker room/restroom remodel	\$0	\$165,000	\$0	\$0	\$0	\$0	\$165,000	Fund Balance - Capital Reserve
4 Metro South - Wood Staging Structure	\$0	\$80,000	\$570,000	\$0	\$0	\$0	\$650,000	Fund Balance - Capital Reserve
5 Metro South - Wood Processing Capacity	\$53,500	\$60,000	\$595,000	\$150,000	\$0	\$0	\$858,500	Fund Balance - Capital Reserve
6 Metro South- Installation of Compactor for Public Un	\$0	\$0	\$0	\$200,000	\$680,000	\$0	\$880,000	Fund Balance - Capital Reserve
7 Metro Central - Tarping Station	\$0	\$0	\$200,000	\$0	\$0	\$0	\$200,000	Fund Balance - Capital Reserve
8 Metro South - Install High Capacity Baler	\$0	\$0	\$0	\$255,000	\$375,000	\$0	\$630,000	Fund Balance - Capital Reserve
9 Metro Central HHW - Extend Canopy	\$0	\$0	\$0	\$0	\$75,000	\$0	\$75,000	Fund Balance - Capital Reserve
10 Metro South HHW - Extend Canopy	\$0	\$0	\$0	\$0	\$75,000	\$0	\$75,000	Fund Balance - Capital Reserve
11 Metro Central - Rainwater Harvesting	\$0	\$150,000	\$160,000	\$0	\$0	\$0	\$310,000	Fund Balance - Capital Reserve
12 Future Master Facility Plan Improvements	\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000	Fund Balance - Capital Reserve
13 Reader Board at MSS entrance	\$0	\$0	\$200,000	\$0	\$0	\$0	\$200,000	Fund Balance - Capital Reserve
14 Sort Line for Metro Central Station	\$0	\$0	\$0	\$864,000	\$0	\$0	\$864,000	Fund Balance - Capital Reserve
15 Expansion of MCS-HHW facility	\$0	\$0	\$0	\$0	\$0	\$863,000	\$863,000	Fund Balance - Capital Reserve
16 Improvements to Metro South truck entrance/exit	\$0	\$0	\$110,000	\$0	\$0	\$0	\$110,000	Fund Balance - Capital Reserve
17 Power Surge Protection for scalehouses at MSS & M	\$0	\$0	\$150,000	\$0	\$0	\$0	\$150,000	Fund Balance - Capital Reserve
<b>Solid Waste Landfill Closure</b>								
1 St. John's - Groundwater Monitoring Wells	\$200,000	\$10,800	\$0	\$0	\$0	\$0	\$210,800	Fund Balance - Landfill Closure
2 St John's - Perimeter Dike Stabilization and Seepage	\$323,622	\$400,000	\$6,000	\$6,000	\$3,000	\$3,000	\$741,622	Fund Balance - Landfill Closure
3 St. John's - Re-establish Proper Drainage	\$621,331	\$0	\$252,000	\$5,000	\$5,000	\$0	\$883,331	Fund Balance - Landfill Closure
4 St. John's - Landfill Bridge Repairs	\$30,000	\$120,000	\$0	\$0	\$0	\$0	\$150,000	Fund Balance - Landfill Closure
5 St. John's - Landfill Remediation	\$0	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000	Fund Balance - Landfill Closure
<b>SW Renewal &amp; Replacement Account</b>								
1 Metro Central - Transfer trailer Scale Replacement	\$0	\$190,000	\$0	\$0	\$0	\$0	\$190,000	Fund Balance - Renewal and Replacement
1 Metro Central - Compactor Replacement	\$200,000	\$700,000	\$0	\$0	\$0	\$0	\$900,000	Fund Balance - Renewal and Replacement
2 Metro Central HHW - Chiller Replacement	\$32,000	\$68,000	\$0	\$0	\$0	\$0	\$100,000	Fund Balance - Renewal and Replacement
3 Metro Central- Scalehouse A Outbound scale	\$0	\$90,000	\$0	\$0	\$0	\$0	\$90,000	Fund Balance - Renewal and Replacement
4 Metro Central - Truckwash	\$0	\$35,000	\$285,000	\$0	\$0	\$0	\$320,000	Fund Balance - Renewal and Replacement
5 Metro South - Compactor Replacement	\$3,638	\$0	\$600,000	\$600,000	\$0	\$0	\$1,203,638	Fund Balance - Renewal and Replacement
6 Metro South- Replace Ventilation System Component	\$0	\$0	\$140,000	\$0	\$0	\$0	\$140,000	Fund Balance - Renewal and Replacement
7 Metro Central-HHW- Ventilation System Replacemen	\$0	\$140,000	\$0	\$0	\$0	\$0	\$140,000	Fund Balance - Renewal and Replacement
8 Metro Central - Roll-up Doors	\$0	\$0	\$0	\$0	\$65,000	\$0	\$65,000	Fund Balance - Renewal and Replacement
9 Metro Central - Baler Conveyor	\$0	\$0	\$0	\$0	\$220,000	\$0	\$220,000	Fund Balance - Renewal and Replacement
10 Metro Central - Scalehouse A Inbound scale	\$0	\$0	\$90,000	\$0	\$0	\$0	\$90,000	Fund Balance - Renewal and Replacement
11 Metro Central - Scalehouse "C" Scale Replacement	\$0	\$0	\$0	\$100,000	\$0	\$0	\$100,000	Fund Balance - Renewal and Replacement
12 Metro Central - Replace metal wall system	\$0	\$0	\$0	\$0	\$170,000	\$0	\$170,000	Fund Balance - Renewal and Replacement
13 Metro Central Standby Power Generator	\$0	\$0	\$0	\$0	\$0	\$135,000	\$135,000	Fund Balance - Renewal and Replacement



## Total Project Summary with Major Funding Source

EXHIBIT A RESOLUTION NO. 08-3941

Priority
Fund
Dept

Solid Waste and Recycling	Prior Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Grand Total	Funding Source
14 Metro South - Outdoor/Site Lighting	\$0	\$75,000	\$0	\$0	\$0	\$0	\$75,000	Fund Balance - Renewal and Replacement
15 Metro South - Modify Entry Way to Operations Bld.	\$0	\$0	\$175,000	\$0	\$0	\$0	\$175,000	Fund Balance - Renewal and Replacement
<b>Total - Solid Waste and Recycling</b>	<b>\$1,699,091</b>	<b>\$2,388,800</b>	<b>\$3,708,000</b>	<b>\$3,180,000</b>	<b>\$2,668,000</b>	<b>\$3,001,000</b>	<b>\$16,644,891</b>	

## **METRO FINANCIAL POLICIES**

### **Metro Financial Policies**

Metro's financial policies, set forth below, provide the framework for the overall fiscal management of the agency. Operating independently of changing circumstances and conditions, these policies are designed to help safeguard Metro's assets, promote effective and efficient operations, and support the achievement of Metro's strategic goals.

These policies establish basic principles to guide Metro's elected officials and staff in carrying out their financial duties and fiduciary responsibilities. The Chief Financial Officer shall establish procedures to implement the policies established in this document.

### ***General Policies***

1. Metro's Financial Policies shall be reviewed annually by the Council and shall be published in the adopted budget.
2. Metro shall prepare its annual budget and Comprehensive Annual Financial Report consistent with accepted public finance professional standards.
3. The Chief Financial Officer shall establish and maintain appropriate financial and internal control procedures to assure the integrity of Metro's finances.
4. Metro shall comply with all applicable state and federal laws and regulations concerning financial management and reporting, budgeting, and debt administration.

### ***Accounting, Auditing and Financial Reporting***

1. Metro shall annually prepare and publish a Comprehensive Annual Financial Report including financial statements and notes prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.
2. Metro shall maintain its accounting records on a basis of accounting consistent with the annual budget ordinance.
3. Metro shall have an independent financial and grant compliance audit performed annually in accordance with generally accepted auditing standards.

### ***Budgeting and Financial Planning***

1. As prescribed in Oregon budget law, total resources shall equal total requirements in each fund, including contingencies and fund balances. However, Metro considers a budget to be balanced whenever budgeted revenues equal or exceed budgeted expenditures. Beginning fund balances shall not be considered as revenue, nor shall contingencies or ending fund balances be considered expenditures, in determining whether a fund is in balance.

## **METRO FINANCIAL POLICIES**

2. Metro shall maintain fund balance reserves that are appropriate to the needs of each fund. Targeted reserve levels shall be established and reviewed annually as part of the budget process. Use of fund balance to support budgeted operations in the General Fund, an operating fund, or a central service fund shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses.
3. Metro staff shall regularly monitor actual revenues and expenditures and report to Council at least quarterly on how they compare to budgeted amounts, to ensure compliance with the adopted budget. Any significant changes in financial status shall be timely reported to the Council.
4. Metro shall use its annual budget to identify and report on department or program goals and objectives and measures of performance.
5. A new program or service shall be evaluated before it is implemented to determine its affordability.
6. Metro shall authorize grant-funded programs and associated positions for a period not to exceed the length of the grant unless alternative funding can be secured.
7. Each operating fund will maintain a contingency account to meet unanticipated requirements during the budget year. The amount shall be appropriate for each fund.
8. Metro shall prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses, and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Council.
9. Metro will annually prepare a cost allocation plan prepared in accordance with applicable federal guidelines to maintain and maximize the recovery of indirect costs from federal grants, and to maintain consistency and equity in the allocation process.

### ***Capital Asset Management***

1. Metro shall budget for the adequate maintenance of capital equipment and facilities and for their orderly replacement, consistent with longer-term planning for the management of capital assets.
2. The Council's previously-adopted policies governing capital asset management are incorporated by reference into these policies.

### ***Cash Management and Investments***

1. Metro shall maintain an investment policy in the Metro Code, which shall be subject to annual review and readoption.
2. Metro shall schedule disbursements, collections and deposits of all funds to ensure maximum cash availability and investment potential.

## **METRO FINANCIAL POLICIES**

3. Metro shall manage its investment portfolio with the objectives of safety of principal as the highest priority, liquidity adequate to needs as the second highest priority, and yield from investments as its third highest priority.

### ***Debt Management***

1. Metro shall issue long-term debt only to finance capital improvements, including land acquisition, that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations.
2. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by the Council.
3. Metro shall repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt.
4. Metro shall fully disclose financial and pertinent credit information as it relates to Metro's outstanding securities.
5. Metro shall strive to obtain the highest credit ratings to ensure that borrowing costs are minimized and Metro's access to credit is preserved.
6. Equipment and vehicles should be financed using the least costly method, including comparison to direct cash expenditure. This applies to purchase using operating leases, capital leases, bank financing, company financing or any other purchase programs.

### ***Revenues***

1. Metro shall estimate revenues through an objective, analytical process.
2. Metro shall strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source.
3. One-time revenues shall be used to support one-time expenditures or increase fund balance.
4. Metro shall pursue appropriate grant opportunities; however, before accepting any grant, Metro will consider the current and future implications of either accepting or rejecting it. The Chief Financial Officer may establish criteria to be used in evaluating the potential implications of accepting grants.

## Capital Asset Management Policies

The following policies establish the framework for Metro's overall capital asset planning and management. They provide guidance for current practices and a framework for evaluation of proposals for future projects. These policies also seek to improve Metro's financial stability by providing a consistent approach to fiscal strategy. Adopted financial policies show the credit rating industry and prospective investors (bond buyers) the agency's commitment to sound financial management and fiscal integrity. Adherence to adopted policies ensures the integrity and clarity of the financial planning process and can lead to improvement in bond ratings and lower cost of capital.

1. Metro shall operate and maintain its physical assets in a manner that protects the public investment and ensures achievement of their maximum useful life.

*Ensuring the maximum useful life for public assets is a primary agency responsibility. Establishing clear policies and procedures for monitoring, maintaining, repairing and replacing essential components of facilities is central to good management practices. It is expected that each Metro department will have written policies and procedures that address:*

- *Multi-year planning for renewal and replacement of facilities and their major components;*
- *Annual maintenance plans.*

2. Metro shall establish a Renewal & Replacement Reserve account for each operating fund responsible for major capital assets.

*Ensuring that the public receives the maximum benefit for their investments in major facilities and equipment requires an ongoing financial commitment. A Renewal & Replacement Reserve should initially be established based on the value of the asset and consideration of known best asset management practices. Periodic condition assessments should identify both upcoming renewal and replacement projects and the need to adjust reserves to support future projects. If resources are not sufficient to fully fund the Reserve without program impacts, the Council will be consider alternatives during the annual budget process. Establishing and funding the Reserve demonstrates Metro's ongoing capacity and commitment to these public investments.*

3. Metro shall prepare, adopt and update at least annually a five-year Capital Improvement Plan (CIP). The Plan will identify and set priorities for all major capital assets to be acquired or constructed by Metro. The first year of the adopted CIP shall be included in the Proposed Budget.

*The primary method for Metro departments to fulfill the need for multi-year planning is the Capital Improvement Planning process. The CIP allows a comprehensive look at Metro's capital needs for both new facilities and renewal and replacement of existing ones, and allows the Council to make the necessary decisions to ensure financial resources match forecasted needs.*

## Capital Asset Management Policies

4. Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than \$100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of \$100,000 or more that have a useful life of at least five years.

*A clear threshold ensures that the major needs are identified and incorporated in financial plans.*

5. An assessment of each Metro facility will be conducted at least every five years. The report shall identify repairs needed in the coming five years to ensure the maximum useful life of the asset. This information shall be the basis for capital improvement planning for existing facilities and in determining the adequacy of the existing Renewal & Replacement Reserves.

*A foundation step for capital planning is an understanding of the current conditions of Metro facilities. It is expected that Metro departments have a clear, documented process for assessing facility condition at least every five years. The assessment processes may range from formal, contracted engineering studies to in-house methods such as peer reviews. The assessment should identify renewal and replacement projects that should be done within the following five years. The Renewal & Replacement Reserve account should be evaluated and adjusted to reflect the greater of the average renewal & replacement project needs over the coming five years or 2% of the current facility replacement value.*

6. The Capital Improvement Plan will identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

*Using the information provided by facility assessments, Metro departments should use the CIP process to identify the resources necessary to keep facilities in an adequate state of repair. In situations where financial resources force choices between programs and facility repair, the annual budget process should highlight these policy choices for Council action.*

7. A five-year forecast of revenues and expenditures will be prepared in conjunction with the capital budgeting process. The forecast will include a discussion of major trends affecting Agency operations, incorporate the operating and capital impact of new projects, and determine available capacity to fully fund the Renewal & Replacement Reserve.

*Incorporation of capital needs into agency five-year forecasts ensures that problem areas are identified early enough that action can be taken to ensure both the maintenance of Metro facilities and integrity of Metro services.*

## Capital Asset Management Policies

8. To the extent possible, improvement projects and major equipment purchases will be funded on a pay-as-you-go basis from existing or foreseeable revenue sources. Fund Balances above established reserve requirements may be used for one-time expenditures such as capital equipment or financing of capital improvements.

*Preparing a CIP and incorporating it into five-year forecasts enables Metro to plan needed capital spending within foreseeable revenues. This minimizes the more costly use of debt for capital financing and ensures renewal and replacement of facility components takes place without undue financial hardship to operations.*

9. Debt (including capital leases) may only be used to finance capital, including land acquisition, not ongoing operations. Projects that are financed through debt must have a useful service life at least equal to the debt repayment period.

*Because interest costs impact taxpayers and customers, debt financing should be utilized only for the creation or full replacement of major capital assets.*

10. When choosing funding sources for capital items, every effort should be made to fund enterprise projects either with revenue bonds or self-liquidating general obligation bonds. For the purpose of funding non-enterprise projects other legally permissible funding sources, such as systems development charges should be considered.

11. Acquisition or construction of new facilities shall be done in accordance with Council adopted facility and/or master plans. Prior to approving the acquisition or construction of a new asset, Council shall be presented with an estimate of the full cost to operate and maintain the facility through its useful life and the plan for meeting these costs. At the time of approval, Council will determine and establish the Renewal & Replacement Reserve policy for the asset to ensure resources are adequate to meet future major maintenance needs.

*New Metro facilities should be planned within the overall business and service objectives of the agency. To ensure that the public gains the maximum utility from the new facility or capital asset, Metro should identify the full cost of building and operating the facility throughout its useful life. Resources generated from its operation or other sources should be identified to meet these needs.*

## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION NO. 08-3941, FOR THE PURPOSE OF ADOPTING THE CAPITAL BUDGET FOR FISCAL YEARS 2008-09 THROUGH 2012-13; RAISING THE INDIVIDUAL PROJECT REPORTING LIMIT; AND THE AMENDMENT AND READOPTION OF METRO'S FINANCIAL POLICIES

Date: May 30, 2008

Presented by: William Stringer, Chief Financial Officer

## BACKGROUND

A. The Capital Budget for Fiscal Years 2008-09 through 2012-13 represents Metro's long-range capital improvement planning process. Metro has established a sound base to forecast the agency's capital needs and balance those needs with available resources. As a result, Metro has been able to coordinate the financing and timing of its capital improvements in a way that maximizes the benefits to the public and provides opportunities to save money. If a project comes up unexpectedly during the year, departments need to follow an established amendment process to insure that Council's authority is obtained. The amendment process is in conjunction with the contracting procedures or, if no contract is required, through a separate resolution.

B. In addition to approving the five-year capital budget, staff requests the authority to increase to \$100,000 the need for Council approval on individual projects beginning with the FY 2009-10 capital budget submission. The reporting limit for the Capital Budget was set in FY 1997-98 to insure that any significant project would receive the approval of the Metro Council prior to proceeding. The \$50,000 level has not been adjusted during that period. The types of projects that fall into the \$50,000 to \$100,000 category are generally renewal and replacement. This action will allow a greater focus on those projects that have a significant fiscal impact on the agency and allow management to handle the smaller less significant projects. This increase would also match the current threshold for public improvement projects of \$100,000. The following projects in the Proposed Capital Budget are less than \$100,000. Six of the projects are new while the rest are renewal and replacement. Of the 88 projects in the Approved Budget, 14 are under \$100,000 and listed as follows:

<u>PROJECT</u>	<u>AMOUNT</u>	<u>NEW/R&amp;R</u>	<u>Project Yr</u>
Family Farm Addition	\$51,000	New	FY 2008-09
Stafford Field Station	\$70,000	New	FY 2008-09
Howell Ter. Park Restoration & Kitchen Upgrade	\$95,000	New	FY 2008-09
Perimeter USDA Fence	\$55,080	R&R	FY 2008-09
AfriCafe HVAC Controls Replacement	\$51,000	R&R	FY 2008-09
Primate Building HVAC Controls Replacement	\$51,000	R&R	FY 2008-09
Brainard Retaining Wall	\$76,500	R&R	FY 2008-09
Metro South - Natural Lighting Improvements	\$75,000	New	FY 2009-10
Metro Central HHW - Extend Canopy	\$75,000	New	FY 2011-12
Metro South HHW - Extend Canopy	\$75,000	New	FY2011-12
Metro Central- Scalehouse A Outbound scale	\$90,000	R&R	FY 2008-09
Metro Central - Roll-up Doors	\$65,000	R&R	FY 2011-12
Metro Central - Scalehouse A Inbound scale	\$90,000	R&R	FY 2009-10
Metro South - Outdoor/Site Lighting	\$75,000	R&R	FY 2008-09

C. This resolution also provides for the annual review and re-adoption of Metro's financial policies. Only one change, the increase to \$100,000 the capital improvement project to be included in the annual Capital



Improvement Plan, is proposed to the financial policies that went through an extensive review process and were adopted by Resolution No. 04-3465 in FY 2003-04. The redlined policies are attached as Exhibit B to the resolution. The change to the project level will be effective July 1, 2008 and included in the FY 2009-10 Capital Improvement Plan submission. The FY 2008-09 Capital Improvement Plan will still show the projects under \$100,000 but amendments will only be required for projects \$100,000 and over.

The current policies address six specific areas of financial management as well as a series of general policies. Several of these simply echo federal or state laws and regulations, or establish as policy certain practices that are currently being done. Highlights of those policies include:

- The policies will be reviewed annually by the Council and published in the adopted budget.
- The Chief Financial Officer will develop guidelines and procedures in a number of areas, including determination of fund balances appropriate to each major fund, determination of appropriate contingencies to be maintained, and internal controls.
- 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 add 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 and the annual review of Metro's Comprehensive Financial Policies.
3. **Anticipated Effects:** The resolution signifies the Council has reviewed and approved the Capital Budget covering the years FY 2009-2013.

Within the 88 projects planned during the five years covered by this Capital Budget are projects for replacing or improving existing facilities, projects purchasing new equipment, and projects that create new facilities. The total cost for these projects during the five years is estimated to be \$181 million.

This Resolution is the formal instrument by which the plan will be adopted and the first year incorporated into the Adopted Budget. Exhibit A is the summary of the Capital Budget of which all of the projects with expenditures in FY 2008-09, those specific FY 2008-09 amounts will be incorporated, as amended, into the Adopted Capital Budget.

This Resolution amends and re-adopts Metro's Comprehensive Financial Policies by changing the definition of a Capital Project to "Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than \$100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of

\$100,000 or more that have a useful life of at least five years” increasing the project amount from \$50,000 to \$100,000. This change will be effective with the FY 2008-09 Capital Improvement Plan.

4. **Budget Impacts:** The plan’s FY 2008-09 amounts are the amounts to be incorporated into the FY 2008-09 Adopted Budget.

#### **RECOMMENDED ACTION**

The Council President recommends adoption of Resolution No. 08-3941, in concurrence with the Chief Financial Officer and Chief Operating Officer.