

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE) RESOLUTION NO. 09-4060 A
CAPITAL IMPROVEMENT PLAN FOR FISCAL) Introduced by Michael Jordan, Chief
YEARS 2009-10 THROUGH 2013-14; AND) Operating Officer with concurrence of
READOPTING METRO'S FINANCIAL POLICIES) the Council President

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

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

WHEREAS, Metro's Chief Operating Officer has directed the preparation of a Capital Improvement Plan for fiscal years 2009-10 through 2013-14 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 2009-10 through FY 2013-2014 Capital Improvement Plan; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2009-10 budget including the FY 2009-10 through FY 2013-14 Capital Improvement Plan; and

WHEREAS, the Metro Council has reviewed its Comprehensive Financial Policies including the Capital Asset Management Policies in accordance with the provision calling for annual review and inclusion in the adopted budget; now therefore

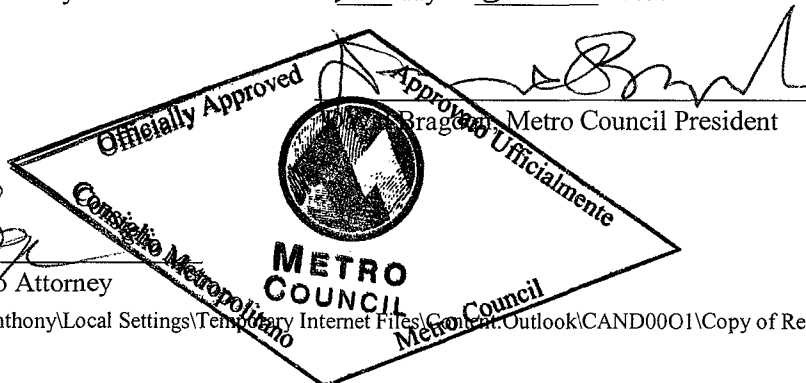
BE IT RESOLVED that the Metro Council hereby authorizes the following:

1. That the FY 2009-10 through FY 2013-14 Capital Improvement Plan (CIP), summarized on Exhibit A, is hereby adopted.
2. That the FY 2009-10 capital projects from the FY 2009-10 through FY 2013-14 Capital Improvement Plan be included and appropriated in the FY 2009-10 budget.
3. That the Comprehensive Financial Polices, included as Exhibit B to this Resolution, are re-adopted and published in the FY 2009-10 budget.

ADOPTED by the Metro Council this 25 day of JUNE 2009.

Approved as to Form:


Daniel B. Cooper, Metro Attorney



Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Information Services		Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
All Funds									
1	Replace/Acquire Desktop Computers	\$539,966	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$939,966	Fund Balance - Capital Reserve
General Fund Capital Fund - 612									
1	Develop Enterprise Business Applications Software	\$334,528	\$150,000	\$0	\$0	\$0	\$0	\$484,528	Fund Balance - Capital Reserve
2	Learning Management System	\$67,100	\$47,900	\$0	\$0	\$0	\$0	\$115,000	Fund Balance
General Fund Renewal and Replacement Fund									
1	Net Appliance Alex File Server	\$0	\$0	\$132,600	\$0	\$0	\$0	\$132,600	Fund Balance - Renewal and Replacement
2	Upgrade of Business Enterprise Software (PeopleSoft)	\$114,805	\$133,365	\$71,101	\$67,652	\$73,973	\$70,385	\$531,281	Fund Balance - Renewal and Replacement
3	Enterprise Productivity Platform Upgrade and Licensi	\$407,260	\$205,167	\$209,270	\$10,824	\$0	\$0	\$832,521	Fund Balance - Renewal and Replacement
4	Information Technology R&R Projects	\$389,198	\$412,179	\$270,431	\$390,458	\$223,033	\$218,859	\$1,904,158	Fund Balance - Renewal and Replacement
Total - Information Services		\$1,852,857	\$1,028,611	\$763,402	\$548,934	\$377,006	\$369,244	\$4,940,054	

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Oregon Zoo		Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
Zoo Infrastructure and Animal Welfare									
1	Construction Bond Issuance-Master Planning	\$50,000	\$600,000	\$1,250,000	\$1,100,000	\$1,100,000	\$1,300,000	\$5,400,000	GO Bonds Zoo
2	Veterinary Hospital	\$1,000,000	\$4,500,000	\$3,700,000	\$0	\$0	\$0	\$9,200,000	GO Bonds Zoo
3	Upgrading Zoo Facilities to Save Water and Energy	\$500,000	\$500,000	\$1,500,000	\$2,000,000	\$2,000,000	\$2,000,000	\$8,500,000	GO Bonds Zoo
4	Improving Elephants On Site Facilities	\$0	\$1,500,000	\$1,500,000	\$6,000,000	\$6,000,000	\$4,600,000	\$19,600,000	GO Bonds Zoo
5	Penguin Filtration System Replacement	\$0	\$1,000,000	\$1,100,000	\$0	\$0	\$0	\$2,100,000	GO Bonds Zoo
6	More Humane Enclosures for Apes & Monkeys	\$0	\$3,000,000	\$3,000,000	\$3,000,000	\$3,300,000	\$3,300,000	\$15,600,000	GO Bonds Zoo
7	Conservation Education "Discovery Zone"	\$0	\$250,000	\$450,000	\$4,000,000	\$4,000,000	\$4,000,000	\$12,700,000	GO Bonds Zoo
8	Elephant Offsite Facility	\$0	\$0	\$5,000,000	\$5,000,000	\$2,000,000	\$0	\$12,000,000	GO Bonds Zoo
9	Polar Bear Space Renovation	\$0	\$0	\$0	\$0	\$0	\$4,500,000	\$4,500,000	GO Bonds Zoo
General Fund Renewal and Replacement Fund									
1	Zoo Renewal and Replacement Projects	\$550,000	\$639,647	\$584,262	\$386,002	\$467,209	\$766,942	\$3,394,062	Fund Balance - Renewal and Replacement
2	Zoo Micros POS System	\$0	\$183,600	\$0	\$0	\$0	\$0	\$183,600	Fund Balance - Renewal and Replacement
3	Perimeter USDA Fence	\$55,080	\$56,182	\$57,305	\$58,451	\$59,620	\$60,813	\$347,451	Fund Balance - Renewal and Replacement
4	Zoo Parking Lot Replacement	\$0	\$20,808	\$21,224	\$21,649	\$22,082	\$22,523	\$108,286	Fund Balance - Renewal and Replacement
5	Primate Building Roof Replacement	\$11,755	\$120,000	\$0	\$0	\$0	\$0	\$131,755	Fund Balance - Capital Reserve
6	Zoo Railroad Track Replacement	\$0	\$45,255	\$23,308	\$23,775	\$24,250	\$24,735	\$141,323	Fund Balance - Renewal and Replacement
7	750 kw Generator	\$0	\$0	\$149,630	\$0	\$0	\$0	\$149,630	Fund Balance - Renewal and Replacement
8	Roof Replacement Africafe	\$0	\$0	\$0	\$0	\$131,165	\$0	\$131,165	Fund Balance - Renewal and Replacement
Zoo Capital Projects Fund									
1	Predators of the Serengeti	\$3,175,000	\$1,950,000	\$0	\$75,000	\$0	\$0	\$5,200,000	Donations
2	Red Ape Reserve "Orangutan"	\$1,592,849	\$750,000	\$0	\$0	\$0	\$0	\$2,342,849	Fund Balance - Capital Reserve
Total - Oregon Zoo		\$6,934,684	\$15,115,492	\$18,335,729	\$21,664,877	\$19,104,326	\$20,575,013	\$101,730,121	

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Exhibit A Resolution 09-4060 A

Parks and Environmental Services	Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
General Fund Renewal and Replacement Fund								
1 M. James Gleason - Parking Lot Repaving	\$0	\$0	\$0	\$337,500	\$0	\$0	\$337,500	Fund Balance - Renewal and Replacement
2 Regional Parks Renewal and Replacement	\$62,302	\$169,267	\$161,994	\$464,355	\$16,250	\$80,000	\$954,168	Fund Balance - Renewal and Replacement
3 M. James Gleason Boat Ramp - Phase III & IV	\$0	\$0	\$1,300,000	\$0	\$0	\$0	\$1,300,000	Grants - State Marine Board
4 Blue Lake Wetland, Pathway, Trail	\$0	\$0	\$0	\$0	\$0	\$211,719	\$211,719	Fund Balance - Renewal and Replacement
General Fund								
1 Council/COO Building Space Remodel	\$64,983	\$100,000	\$0	\$0	\$0	\$0	\$164,983	Fund Balance - Capital Reserve
General Fund Renewal and Replacement Fund								
1 Carpet Replacement	\$54,000	\$125,040	\$106,121	\$120,150	\$0	\$0	\$405,311	Fund Balance - Renewal and Replacement
2 Parking Structure Waterproofing	\$0	\$125,000	\$0	\$0	\$0	\$0	\$125,000	Fund Balance - Renewal and Replacement
3 Council Chamber Audio/Visual Upgrades	\$152,418	\$0	\$0	\$0	\$140,851	\$0	\$293,269	Fund Balance - Renewal and Replacement
4 Metro Regional Center Roof Replacement	\$0	\$0	\$0	\$0	\$0	\$512,404	\$512,404	Fund Balance - Renewal and Replacement
5 Renewal and Replacement Property Services	\$63,085	\$220,396	\$26,530	\$17,935	\$84,361	\$194,141	\$606,448	Fund Balance - Renewal and Replacement
Solid Waste General Account								
1 Metro Central - Chimney Removal	\$35,824	\$500,000	\$0	\$0	\$0	\$0	\$535,824	Fund Balance - Capital Reserve
2 Metro Central - Rainwater Harvesting	\$150,000	\$160,000	\$0	\$0	\$0	\$0	\$310,000	Fund Balance - Capital Reserve
3 Metro South - New Operations Supervisors' Office	\$0	\$100,000	\$0	\$0	\$0	\$0	\$100,000	Fund Balance - Capital Reserve
4 Metro Central - Tarping Station	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000	Fund Balance - Capital Reserve
5 Power Surge Protection for scalehouses at MSS & M	\$0	\$150,000	\$0	\$0	\$0	\$0	\$150,000	Fund Balance - Capital Reserve
6 Metro South - Wood Staging Structure	\$0	\$0	\$80,000	\$570,000	\$0	\$0	\$650,000	Fund Balance - Capital Reserve
7 Metro South - Wood Processing Capacity	\$53,500	\$0	\$60,000	\$595,000	\$150,000	\$0	\$858,500	Fund Balance - Capital Reserve
8 Metro South - Install High Capacity Baler	\$0	\$0	\$255,000	\$375,000	\$0	\$0	\$630,000	Fund Balance - Capital Reserve
9 Sort Line for Metro Central Station	\$0	\$0	\$864,000	\$0	\$0	\$0	\$864,000	Fund Balance - Capital Reserve
10 Expansion of MCS-HHW facility	\$0	\$0	\$0	\$0	\$863,000	\$0	\$863,000	Fund Balance - Capital Reserve
11 Improvements to Metro South truck entrance/exit	\$0	\$110,000	\$0	\$0	\$0	\$0	\$110,000	Fund Balance - Capital Reserve
12 Reader Board at MSS entrance	\$0	\$0	\$0	\$0	\$0	\$200,000	\$200,000	Fund Balance - Capital Reserve
13 Metro South- Installation of Compactor for Public Un	\$0	\$0	\$200,000	\$680,000	\$0	\$0	\$880,000	Fund Balance - Capital Reserve
14 Future Master Facility Plan Improvements	\$0	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000	Fund Balance - Capital Reserve
Solid Waste Landfill Closure								
1 St John's - Perimeter Dike Stabilization and Seepage	\$60,681	\$1,666,783	\$6,000	\$3,000	\$3,000	\$3,000	\$1,742,464	Grants
2 St. John's - Re-establish Proper Drainage	\$616,365	\$252,000	\$5,000	\$5,000	\$0	\$0	\$878,365	Fund Balance - Landfill Closure
3 St. John's - Landfill Remediation	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$3,000,000	Fund Balance - Landfill Closure
SW Renewal & Replacement Account								
0 SW Renewal and Replacement Acct Non CIP	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	Fund Balance - Renewal and Replacement
1 Metro Central Bay 2 Concrete Floor	\$0	\$250,000	\$0	\$0	\$0	\$0	\$250,000	Fund Balance - Renewal and Replacement
2 Metro Central HHW - Roof replacement	\$0	\$0	\$150,000	\$0	\$0	\$0	\$150,000	Fund Balance - Renewal and Replacement
3 Metro Central - Truckwash	\$35,000	\$350,000	\$0	\$0	\$0	\$0	\$385,000	Fund Balance - Renewal and Replacement
4 Metro Central-HHW- Ventilation System Replacemen	\$75,000	\$65,000	\$0	\$0	\$0	\$0	\$140,000	Fund Balance - Renewal and Replacement
5 Metro South Transfer Station - Roof replacment	\$0	\$0	\$0	\$0	\$335,000	\$0	\$335,000	Fund Balance - Renewal and Replacement
6 Metro South - Compactor Replacement	\$3,638	\$600,000	\$600,000	\$0	\$0	\$0	\$1,203,638	Fund Balance - Renewal and Replacement
7 Metro South- Replace Ventilation System Component	\$0	\$140,000	\$0	\$0	\$0	\$0	\$140,000	Fund Balance - Renewal and Replacement

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Priority
Fund
Dept

Parks and Environmental Services	Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
8 Metro South - Modify Entry Way to Operations Bld.	\$0	\$175,000	\$0	\$0	\$0	\$0	\$175,000	Fund Balance - Renewal and Replacement
9 Metro Central - Scalehouse "C" Scale Replacement	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Fund Balance - Renewal and Replacement
10 Metro Central - Replace metal wall system	\$0	\$0	\$0	\$170,000	\$0	\$0	\$170,000	Fund Balance - Renewal and Replacement
11 Metro Central - Baler Conveyor	\$0	\$0	\$0	\$220,000	\$0	\$0	\$220,000	Fund Balance - Renewal and Replacement
12 Metro Central - Replace Slow Speed Shredder	\$0	\$0	\$0	\$0	\$600,000	\$0	\$600,000	Fund Balance - Renewal and Replacement
13 Metro Central Station - High Speed Shredder Replace	\$0	\$0	\$0	\$0	\$0	\$300,000	\$300,000	Fund Balance - Renewal and Replacement
14 Metro Central Standby Power Generator	\$0	\$0	\$0	\$0	\$135,000	\$0	\$135,000	Fund Balance - Renewal and Replacement
Total - Parks and Environmental Services	\$1,426,796	\$5,558,486	\$5,014,645	\$4,657,940	\$4,427,462	\$1,601,264	\$22,686,593	

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Priority	Fund	Dept
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Research Center	Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
Planning Fund								
1 Regional Land Information System (RLIS)	\$794,667	\$42,000	\$32,000	\$27,000	\$23,000	\$32,000	\$950,667	Other Capital Lease
2 Transportation Modeling Services Cluster Upgrade	\$25,000	\$80,000	\$25,000	\$68,200	\$25,000	\$25,000	\$248,200	Other
Total - Research Center	\$819,667	\$122,000	\$57,000	\$95,200	\$48,000	\$57,000	\$1,198,867	

Total Project Summary with Major Funding Source

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Sustainability Center		Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
Natural Areas Fund									
1	Natural Areas Acquisition	\$33,724,753	\$40,937,532	\$35,682,296	\$36,005,264	\$21,292,644	\$0	\$167,642,489	G.O. Bonds - Open Spaces
Natural Areas Fund									
1	40-Mile Loop Trail Construction at Blue Lake Park	\$0	\$939,000	\$0	\$0	\$0	\$0	\$939,000	Grants
2	Graham Oaks Nature Park	\$577,818	\$2,843,080	\$0	\$0	\$0	\$0	\$3,420,898	G.O. Bonds - Open Spaces
3	Cooper Mountain Nature Park	\$2,478,188	\$400,000	\$75,000	\$0	\$0	\$0	\$2,953,188	G.O. Bonds - Open Spaces
4	Willamette Cove Nature Park	\$0	\$0	\$300,000	\$0	\$0	\$0	\$300,000	G.O. Bonds - Open Spaces
Regional Parks Capital Fund									
1	Nature and Golf Learning Center at Blue Lake Park	\$1,041,609	\$10,650,000	\$0	\$0	\$0	\$0	\$11,691,609	Other
Total - Sustainability Center		\$37,822,368	\$55,769,612	\$36,057,296	\$36,005,264	\$21,292,644	\$0	\$186,947,184	

Capital Asset Management Policies

In FY 2000–01 the Metro Council raised concerns about the lack of comprehensive agency asset management policies. The Presiding Officer established a Systems Performance Task Force to review the differing departmental approaches to capital asset management and make recommendations. The major finding of the task force was a need to have capital management policies for three principal reasons:

- To provide a general framework for capital asset management.
- To provide minimum standards and requirements related to capital asset management for all Metro departments.
- To have established written policies against which the Council can review the capital asset management programs of individual departments; these policies also require additional fiscal information be included in the capital budget and the budget that will give the Council a clearer picture of the total capital needs of the agency.

In 2001 via Resolution No. 01-3113, Council approved the Metro Capital Asset Management Policies. During FY 2002–03, operating procedures were developed to ensure consistent application of these policies.

CAPITAL ASSET MANAGEMENT POLICIES

The following policies 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 and Replacement Reserve account for each operating fund responsible for major capital assets.
Ensuring that the public receives the maximum benefit for its investments in major facilities and equipment requires an ongoing financial commitment. A Renewal and 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 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 (hereto referred as the capital budget). 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 capital budget shall be included in the proposed budget.

The primary method for Metro departments to fulfill the need for multi-year planning is the capital budget process. The capital budget 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.

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 and 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 and Replacement Reserve account should be evaluated and adjusted to reflect the greater of the average renewal and replacement project needs over the coming five years or two percent of the current facility replacement value.

6. The capital budget 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 capital budget 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 and 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.

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 capital budget 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 and 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.

Note: Beginning with FY 2005-06, the Capital Improvement Plan (CIP) is referred to as the five-year capital budget.

Metro's Financial Policies

In 2004 the Metro Council voted unanimously in favor of Resolution No. 04-3465, "adopting comprehensive financial policies for Metro." The policies contained in this resolution are included below, in their entirety.

Each year as part of the annual budget adoption process the Metro Council reviews the financial policies which 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.
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. [See note]

Cash management and investments

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

Note: On June 26, 2008, Metro Council readopted these financial policies to incorporate, by reference, a change in its capital asset management policies.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 09-4060 A, FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2009-10 THROUGH 2013-14; AND READOPTING METRO'S FINANCIAL POLICIES

Date: May 30, 2009

Presented by: Margo Norton, Director, Finance and Regulatory Services

BACKGROUND

A. The Capital Improvement Plan (CIP) for Fiscal Years 2009-10 through 2013-14 represents Metro's long-range capital 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 must follow an established amendment process to submit the project to Council for approval. The Council usually has given prior direction for the project, and the amendment comes forward in conjunction with a contract award or, if no contract is required, through a separate resolution.

Exhibit A provides a listing of the CIP projects and major funding source. The resolution approves the entire capital budget and directs that projects for FY 2009-10 be approved, and project expenditures for FY 2009-10 be appropriated, as amended, in the FY 2009-10 budget. New projects are highlighted. Yellow projects are new projects that have expenditures in FY 2009-10, green projects are new projects with expenditures after FY 2009-10 and blue projects are projects funded by renewal and replacement reserves. During the Fiscal Year 2008-09 budget process, Council approved raising the individual project amount needing Council approval from \$50,000 to \$100,000 and this CIP fully reflects that change. Of the 26 new projects, the majority are renewal and replacement (16). Of the remaining ten, nine are a result of the Zoo Infrastructure and Animal Welfare Bond; one is the grant funded 40-Mile Loop Trail Construction at Blue Lake Park. The fifty remaining projects received Council approval in prior years. The five year total for this CIP is \$268.2 million. Two areas dominate the CIP, the Zoo Bond expenditures of \$88.1 million and the Natural Area Bond expenditures of \$175.8 million

B. This resolution also provides for the annual review and re-adoption of Metro's financial policies, including the Capital Asset Management Policies which are incorporated by reference. The policies are attached as Exhibit B to the resolution.

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.



Date: June 25, 2009
To: Metro Council
From: Becky Shoemaker, Metro Records Officer
Subject: Resolution No. 09-4060A

TITLE: For the Purposes of Adopting the Capital Improvement Plan For Fiscal Years 2009-10 Through 2013-14; and Readopting Metro's Financial Policies.

NOTE TO FILE: Finance took this resolution to work session during budget discussions for review. Technical components were changed to the resolution and instead of simply drafting and posting it as Resolution No. 09-4060, Margo Norton (Director - Finance and Regulatory Services) mentioned that enough people had seen the first draft that she wanted to differentiate between drafts by labeling the working-draft (and 'final') version an "A" version. Additionally, she said councilors mentioned they would prefer it be an "A" version as to call attention to the fact that they made number changes to the budget. Therefore, there never was an 09-4060 version, only Resolution No. 09-4060A - which is what was posted AND voted upon.

- 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 CIP covering the years FY 2010-2014.

Within the 76 projects planned during the five years covered by this CIP, 36 are projects for replacing or improving existing facilities (\$15.7 million); the remaining 44 projects purchase land, purchase equipment and create new facilities. The total cost for all projects during the five years is estimated to be \$268.6 million.

This Resolution is the formal instrument by which the five-year plan will be adopted. Projects with planned expenditures in FY 2009-10 will be incorporated into the Adopted Budget.

4. **Budget Impacts:** The plan's FY 2009-10 expenditures will be appropriated in the FY 2009-10 Adopted Budget.

RECOMMENDED ACTION

Resolution No. 09-4060 A is an important component of the annual budget process. The Chief Operating Officer with the concurrence of the Council President recommends adoption.