

BEFORE THE METRO COUNCIL

|                                    |   |   |
|------------------------------------|---|---|
| FOR THE PURPOSE OF AMENDING THE FY | ) | RESOLUTION NO. 11-4251                    |
| 2010-11 THROUGH FY 2014-15 CAPITAL | ) |   |
| IMPROVEMENT PLAN BY ADDING OR      | ) | Introduced by the Chief Operating Officer |
| ADJUSTING FOUR CAPITAL IMPROVEMENT | ) | Daniel B. Cooper with the concurrence of  |
| PLAN PROJECTS.                     | ) | Council President Tom Hughes              |
|                                    | ) |   |

WHEREAS, the Metro Council had, after conducting a required public hearing, authorized the FY 2010-11 through FY 2014-15 Capital Improvement Plan.

WHEREAS, Metro's adopted financial policies require any project exceeding \$100,000 receive Council approval; and

WHEREAS, three new Capital Improvement Projects totaling \$578,280 have been identified as necessary;

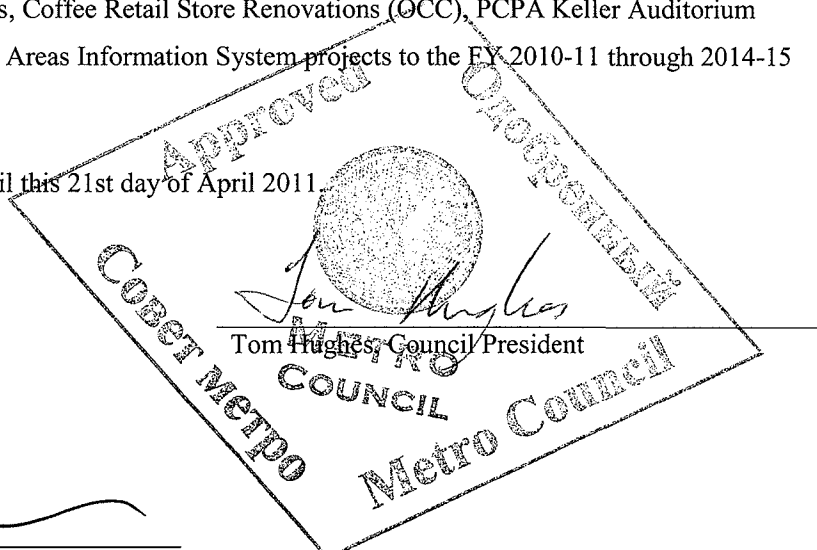
WHEREAS, a \$91,726 increase to an existing Capital Improvement Project has been identified as necessary;

WHEREAS, adequate appropriation exists for these projects;


now therefore

BE IT RESOLVED that the Metro Council approve the addition/adjustment of the Replace MRC Variable Air Volume Controllers, Coffee Retail Store Renovations (OCC), PCPA Keller Auditorium Boiler Replacement and Natural Areas Information System projects to the FY 2010-11 through 2014-15 Capital Improvement Plan.

ADOPTED by the Metro Council this 21st day of April 2011.



Approved as to Form:

  
 Alison Kean Campbell, Acting Metro Attorney

## STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 11-4251, FOR THE PURPOSE OF AMENDING THE FY 2010-11 THROUGH FY 2014-15 CAPITAL IMPROVEMENT PLAN BY ADDING OR ADJUSTING FOUR CAPITAL IMPROVEMENT PLAN PROJECTS.

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Date: 4/21/2011

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### BACKGROUND

Capital projects greater than \$100,000 must receive Council approval and be included in the agency's Capital Improvement Plan. In recent months, several projects over \$100,000 not included in the original FY 2010-11 through FY 2014-15 have emerged. In addition, the cost of one project included in the original CIP has increased.

#### **Replace Metro Regional Center Variable Air Volume Controllers**

This project will replace eighty-four variable air volume controllers, of ninety units at the Metro Regional Center. Four currently are not functional; six have been repaired recently. These units have passed their useful life, and new parts are no longer available. Some used parts are available but have a significantly reduced useful life; not enough used parts exist to repair all eighty-four units. At this time we have available funding from three sources: \$25,000 from Metro Sustainability Grants, \$15,000 from the Property Services operating budget and \$38,334 in Energy Trust Grants, as these units will conserve 154,000 kilowatt hours of energy per year, resulting in significant savings to Metro. Remaining funding, \$50,000 over two fiscal years, will be from the Renewal and Replacement Fund. After funding from the grants, the payback on this project will be about seven years based on a useful life of 15 years. The total projected two-year cost for this project is \$128,280 (based on an estimate provided by the MRC's current HVAC contractor; the actual vendor will be selected by a formal bid or special procurement process). The project will be in the Renewal and Replacement Fund; the other funding sources will be transferred into that fund. Adequate appropriation exists in the Renewal and Replacement Fund.

#### **Coffee Retail Store Renovations (Oregon Convention Center)**

Oregon Convention Center's two retail coffee outlets are currently franchised with Starbucks. In an effort to reduce operating costs, ARAMARK and OCC are negotiating with a different company to franchise the coffee outlets to replace Starbucks. As part of this new operation, both retail stores will need to be renovated so as to follow the de-commissioning requirement of the Starbucks contract as well as new design requirements for the new operation. It is anticipated that notices to terminate the Starbucks agreement will go out in April 2011, with construction to start on Coffee Retail Store #1 in May or June, and store #2 to follow upon completion and opening of the first (estimated at September 2011). Renovation for each is projected to be \$75,000, for a total project cost of \$150,000. Funding will be provided from the existing ARAMARK 5 percent reserve capital account. Adequate appropriation exists in the MERC Operating Fund.

#### **Keller Auditorium Boiler Replacement**

During a recent inspection of the existing boiler at the Keller Auditorium, installed in 1985, it was determined that the boiler system has come to the end of its useful life. Proper preventative maintenance of this system kept it running 6 years longer than expected. After the new boiler project was budgeted, the

Keller Auditorium underwent a thorough energy audit. One result of that audit recommended replacing the existing flexible gas tube boiler system with a new high efficiency condensing boiler system. While this high efficiency system is more expensive initially, the calculated payback is 11.8 years, not including an available incentive rebate of \$32,500 from the Energy Trust of Oregon, guaranteed upon completion of this project. It was determined to be in the facility's best interest to proceed with replacing the boiler system with the recommended high efficiency model. The system also supports Metro and MERC's sustainability efforts.

This project is included in the FY 2010–11 adopted budget at a cost of \$100,000; the expected total cost is now \$191,726. This total includes a contract award of \$179,980; \$7,746 for design, engineering and asbestos abatement; and \$4,000 for permits and contingency. The additional \$91,726 in appropriation needed will be available via capital projects that were cancelled during the year and those that came in under budget.

Both venue projects were approved by the MERC Commission at its April 6<sup>th</sup> meeting and are recommended to the Council.

### **Natural Areas Information System**

As part of the January 2010 Natural Areas Audit Follow-up, the Metro Auditor noted the use of multiple data systems and duplicative data entry in the Natural Areas program. In the first half of FY 2010-11, staff from the Sustainability Center conducted a strategic planning process to determine the best method for tracking information on land acquisition and management for property acquired via the 1995 and 2006 bond measures. That process determined that the current reporting system was inadequate and recommended development of a new information system. Working with a consultant, staff developed the requirements and initial scope of work for the new information system. In February 2011 a Request for Proposals was issued to select a vendor to develop the first phase of the information system. In anticipation of vendor selection, the CIP needs to be updated to reflect this project. It was not added to the CIP in last year's budget process because the outcome of the strategic planning process was not complete. It is projected that the first phase of the project will cost approximately \$300,000; adequate appropriation exists in the Natural Areas Bond Fund for this project.

The Natural Areas Oversight Committee reviewed the project prior to the release of the RFP and supports improvements to the data system.

### **ANALYSIS/INFORMATION**

1. **Known Opposition:** none.
2. **Legal Antecedents:** Metro Financial Policies, specifically the Capital Asset Management policies.
3. **Anticipated Effects**

Completion of capital and renewal and replacement projects, as detailed in the background section above.

4. **Budget Impacts**

*MRC Variable Air Volume Controllers:* Will require about \$50,000 (\$25,000 in each of FY 2010-11 and FY 2011-12) from the Renewal and Replacement Fund and \$15,000 from the General Fund. The project has a seven year payback and will generate about \$10,500 per year cost savings to Metro's General Fund.

*Coffee Retail Store Renovations (Oregon Convention Center):* Total project cost is \$150,000; \$75,000

in FY 2010-11 and \$75,000 in FY 2011-12.

*PCPA Boiler Replacement:* Additional project cost is \$91,726.

*Natural Areas Information System:* Project cost is estimated at \$300,000.

**RECOMMENDED ACTION**

Staff recommends approval of this action.