

RESOLUTION No. 37322

Direct the Office of Management and Finance to establish a Build Portland Advisory Committee and develop a funding plan for infrastructure maintenance (Resolution)

WHEREAS, in the face of declining federal and state financial support, the City of Portland declares its intent to be a leader in facing the challenge of crumbling infrastructure and maintenance too long deferred, a challenge that is shared by governments across the country; and

WHEREAS, Portland has grown into a thriving city, in part due to our targeted investment in Urban Renewal Areas (URAs), but at the same time allowed the foundation of Portland's success, infrastructure, were ignored and left to deteriorate; and

WHEREAS, several URAs will expire over the next 10 years, returning tax increment financing to the City and the City has an opportunity to use a portion of this funding to address deferred maintenance; and

WHEREAS, the staff charged with managing our infrastructure raised the alarm that \$288 million more is needed each year for the next 10 years to maintain infrastructure we have today and that this gap has increased by tens of millions over the last two years because the costs increase as conditions deteriorate; and

WHEREAS, the City owns and manages over \$35.8 billion in assets across Water, Transportation, Environmental Services, Parks, Portland Fire and Rescue, and Office of Management and Finance, representing generations of investment by Portlanders. Like many municipalities, the City faces challenges maintaining the infrastructure that provides core city services; and

WHEREAS, the City's "infrastructure gap" represents a significant long-term liability for the City and will deprive future residents of the services that make Portland a livable city; and

WHEREAS, the City of Portland currently employs an asset management framework to prioritize reinvestments in the asset base. Asset management balances the triple constraints of risk, service level and cost, with the goal of defining sustainable level of services. Build Portland provides an opportunity to improve citywide coordination of reinvestment in our asset base; and

WHEREAS, the City has taken a studied approach to develop options for funding and allocating resources to address recurring major maintenance and replacement needs. In the FY 2014-15 Budget, Council directed bureau asset managers and the City Budget Office (CBO) to develop recommendations for addressing the gap. In October 2014, Council received the Citywide Funding Options Report that outlined a suite of options for closing the major maintenance and asset replacement funding gap. The report recognized that without substantial realignment of

resources (existing or new) to address this issue, the City risks higher costs and lower levels of service in the future; and

WHEREAS, City Council and Portland voters have made notable progress in addressing the infrastructure reinvestment backlog. In 2014, voters approved the Parks Replacement Bond; in January 2015, Council passed Resolution 371707 which sets aside 50 percent of one-time General Fund resources for deferred maintenance in parks, transportation, and emergency management assets; in 2016, voters supported new gas tax revenue for transportation; and Council has taken action to finance the reconstruction of the Portland Building, adequately fund electronic equipment replacement, increase utility rates for significant infrastructure repair, rehabilitation and replacement, and review major maintenance replacement rates for essential civic infrastructure; and

WHEREAS, in the FY 2017-18 Proposed Budget the Mayor announced a bold infrastructure plan, "Build Portland," to commit at least \$600 million of City resources by 2040 to make critical reinvestments in our core infrastructure; and

WHEREAS, the principles of asset management shall serve as the foundational framework for the infrastructure plan. These principles include: Maximizing ROI and minimizing risk; Consideration of the equitable impacts on communities; Consideration of the goals of the Comprehensive Plan and Portland Plan; Consideration of bureau organizational capacity around project delivery; Consideration of opportunities to coordinate with and/or leverage investments in other capital projects, either within the City or in conjunction with external stakeholders; and

WHEREAS, a work session was held on August 29, 2017, on Build Portland, which included the Chief Administrative Officer (CAO) and bureau directors from CBO, Portland Parks & Recreation, Portland Bureau of Transportation (PBOT) and PBOT's asset manager and the Executive Director of Prosper Portland. The team described the vision, investment needs and framework that will prioritize and deliver on multiple priorities and maximize the City's return on investment, minimize risk and consider equity and the priorities of the Portland Plan;

NOW, THEREFORE, BE IT RESOLVED that the City Council Directs the asset owning bureaus to: 1) Maintain a list of infrastructure needs, including projects eligible for Build Portland funding; 2) Strive to maintain or exceed current levels of reinvestment in their asset bases, including, but not limited to, operations and maintenance, major maintenance, preventive maintenance, and rehabilitation; and 3) Continue to report on annual funding gap in the Citywide Assets Report, and specifically, the impact of Build Portland on the annual funding gap; and

BE IT FURTHER RESOLVED, that the City Council Directs the CAO to form the Build Portland advisory committee comprised of the CAO, CFO, Directors of PBOT, Parks, the City Budget Office, City Asset Managers, and community advisers. The first convening of the group will occur no later than November 2017; and

BE IT FURTHER RESOLVED, that under the direction of the CAO, with staff support from City Asset Managers Group and the City Budget Office, the Advisory Committee shall be tasked with collaboratively developing criteria to determine the eligibility and prioritization of Build Portland projects. These criteria and prioritized projects shall be presented to Council by March 2018; and

BE IT FURTHER RESOLVED, that under direction of the CAO and in partnership with the CBO, the committee shall develop a recommendation for the CAO regarding a funding plan and timeline for Council consideration for (A) an initial \$50 million investment in Build Portland, and (B) a longer-term plan of how forecasted General Fund resources can be used to fund Build Portland projects, with the goal of reinvesting \$600 million in the City's asset base by 2040.

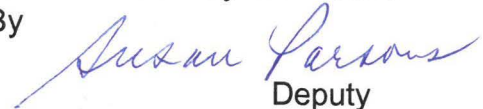
BE IT FURTHER RESOLVED, the CAO shall present the recommendations on a funding plan and timeline to the Council by March 2018 and will address the issues raised by the Chief Financial Officer in a September 6, 2017, Memorandum distributed to the City Council (Exhibit A); and

BE IT FURTHER RESOLVED, an annual update to Council will be provided on the status of Build Portland projects in addition to a list of recommended projects for approval.

Adopted by the Council: OCT 11 2017

Mayor Ted Wheeler
Prepared by: Jamie Waltz
Date Prepared: September 26, 2017

Mary Hull Caballero
Auditor of the City of Portland
By


Deputy

1124

Agenda No.

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Title

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INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler	CLERK USE: DATE FILED <u>OCT 03 2017</u>
COMMISSIONER APPROVAL Mayor—Finance & Administration - Wheeler <i>✓</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Eudaly	Mary Hull Caballero Auditor of the City of Portland By: <i>[Signature]</i> Deputy
BUREAU APPROVAL Bureau: Office of Management and Finance Bureau Head: Tom Rinehart <i>[Signature]</i>	ACTION TAKEN:
Prepared by: Jamie Waltz Date Prepared: September 26, 2017	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>[Signature]</i>	
Council Meeting Date October 11, 2017	

AGENDA
TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/> Total amount of time needed: <u>20</u> min (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	<i>✓</i>	
2. Fish	<i>✓</i>	
3. Saltzman	<i>✓</i>	
4. Eudaly	<i>_____</i>	
Wheeler	<i>✓</i>	