

RESOLUTION No. 37349

Direct the Chief Administrative Officer and the directors of the City Budget Office, Bureau of Transportation, and Portland Parks & Recreation to proceed with seven Build Portland priority projects. (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); and

WHEREAS, several URAs will expire over the next 10 years, returning property taxes to the City and overlapping jurisdictions; and

WHEREAS, 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, in large part because the costs to repair or replace 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 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 spend \$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 return on investment 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; and

WHEREAS, in October 2017, via Resolution 37322, City Council directed the Office of Management and Finance to establish a Build Portland Advisory Committee comprised of the CAO, Chief Financial Officer (CFO), Directors of PBOT, Parks, the City Budget Office, City Asset Managers, and community advisers, and

WHEREAS, the Build Portland Advisory Committee was tasked with collaboratively developing criteria to determine the eligibility and prioritization of Build Portland projects and to present the criteria and prioritized projects to City Council by March 2018; and

WHEREAS, the Build Portland Advisory Committee was further tasked with developing a recommendation for the CAO regarding a funding plan and timeline for Council consideration for an initial \$50 million investment in Build Portland; and

WHEREAS, the Build Portland Advisory Committee used a set of criteria to be applied in two phases (attached as Exhibit 1) to consider potential projects for funding; and

WHEREAS, twenty-five projects were submitted for consideration with twenty making it through the first phase of consideration to be prioritized using the phase two criteria; and

WHEREAS, seven projects were prioritized using the phase two criteria for the initial \$50 million investment in Build Portland (attached as Exhibit 2) and the Build Portland Advisory Committee has recommended to the CAO that the City proceed with these first seven projects on the prioritized Build Portland project list; and

WHEREAS, these seven projects have low-confidence estimated project costs totaling \$49 million; and

WHEREAS, the CFO is bringing forward a separate ordinance authorizing limited tax revenue bonds in an amount not to exceed \$52 million (including issuance costs) to finance infrastructure improvements in City parks, transportation, civic and other capital assets as contemplated in the City's Build Portland infrastructure initiative;

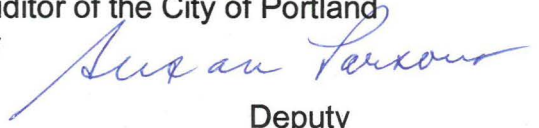
NOW, THEREFORE, BE IT RESOLVED, City Council directs the CAO, CFO, and the directors of the City Budget Office, the Portland Bureau of Transportation, and Portland Parks & Recreation to proceed with the prioritized list of seven Build Portland Projects as shown in Exhibit 2, and

BE IT FURTHER RESOLVED, that the CAO, in consultation with the directors, is authorized to modify the scope of these projects, as appropriate, to remain within the authorized total project cost of \$50 million for the first phase of the Build Portland initiative; and

BE IT FURTHER RESOLVED, that the CBO and bureaus are directed to incorporate these projects and funding into the FY 2018-19 Adopted Budget and capital improvement plan.

Adopted by the Council: MAR 28 2018

Mayor Ted Wheeler
Prepared by: Carmen Merlo
Date Prepared: March 14, 2018

Mary Hull Caballero
Auditor of the City of Portland
By 
Deputy

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Agenda No.
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<p>INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler</p>	<p>CLERK USE: DATE FILED <u>MAR 20 2018</u></p>
<p>COMMISSIONER APPROVAL</p>	<p style="text-align: right;">Mary Hull Caballero Auditor of the City of Portland</p>
<p>Mayor—Finance & Administration – Wheeler <i>YC</i></p>	<p>By: <u><i>Susan Larson</i></u> Deputy</p>
<p>Position 1/Utilities - Fritz</p>	
<p>Position 2/Works - Fish</p>	
<p>Position 3/Affairs - Saltzman</p>	
<p>Position 4/Safety - Eudaly</p>	
<p>BUREAU APPROVAL</p>	<p>ACTION TAKEN:</p>
<p>Bureau: Office of Management and Finance Bureau Head: Tom Rinehart, CAO <i>TR</i></p>	
<p>Prepared by: Carmen Merlo Date Prepared: March 14, 2018</p>	
<p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>City Auditor Office Approval: required for Code Ordinances</p>	
<p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p>	
<p>Council Meeting Date 3/28/2018</p>	

<p style="text-align: center;">AGENDA</p> <p>TIME CERTAIN <input checked="" type="checkbox"/> Start time: 9:45 am – 1 of 2</p> <p>Total amount of time needed: 30 minutes (for presentation, testimony and discussion)</p> <p>CONSENT <input type="checkbox"/></p> <p>REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 30%;">FOUR-FIFTHS AGENDA</th> <th colspan="2">COMMISSIONERS VOTED AS FOLLOWS:</th> </tr> <tr> <th></th> <th style="width: 35%;">YEAS</th> <th style="width: 35%;">NAYS</th> </tr> <tr> <td>1. Fritz</td> <td style="text-align: center;">✓</td> <td></td> </tr> <tr> <td>2. Fish</td> <td style="text-align: center;">✓</td> <td></td> </tr> <tr> <td>3. Saltzman</td> <td style="text-align: center;">✓</td> <td></td> </tr> <tr> <td>4. Eudaly</td> <td style="text-align: center;">_____</td> <td></td> </tr> <tr> <td>Wheeler</td> <td style="text-align: center;">✓</td> <td></td> </tr> </table>	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:			YEAS	NAYS	1. Fritz	✓		2. Fish	✓		3. Saltzman	✓		4. Eudaly	_____		Wheeler	✓	
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