

RESOLUTION No. 37107

Address the City's infrastructure maintenance and replacement funding gap, amend City Comprehensive Financial Management Policy 2.03, and rescind Resolution 34423 (Resolution)

WHEREAS, the City recognizes a need to address the infrastructure maintenance and replacement funding gap identified in the 2013 Citywide Assets Report.

WHEREAS, the 2013 Citywide Assets Report documents the Bureau of Transportation's annual funding gap for infrastructure maintenance and replacement of existing assets at \$153.4 million per year.

WHEREAS, the Bureau of Transportation receives approximately \$9.0 million of General Fund resources per year, in addition to dedicated resources, in order to meet program requirements.

WHEREAS, Resolution 34423, adopted by Council on April 27, 1988, directed the immediate implementation of the Transportation Funding Policy which stated:

The Office of Transportation will submit a program budget for all its activities each year that specifically includes those programs or activities proposed to be funded with General Fund discretionary dollars. The General Fund portion of the budget will be divided into two parts: 1) an amount equal to the current year's transfer, and 2) if the amount is less than 28% of the budgeted Utility License Fee receipts, a supplemental amount equal to the difference between the current year transfer and 28% of the projected Utility License Fee receipts in the next budget year.

The General Fund portion of the proposed Transportation budget will be reviewed each year along with other General Fund program needs. This policy provides a target amount of 28% of projected Utility License Fee receipts for the program to be submitted by Transportation. However, depending upon the financial condition of the General Fund and the other service needs of the City, the Council might adjust the actual transfer in any given year.

WHEREAS, execution of the Transportation Funding Policy in FY 2015-16 would result in the Bureau of Transportation requesting at least \$24.0 million in General Fund revenues.

WHEREAS, General Fund support for the transportation system must be put in the context of funding needs of other General Fund programs and the financial condition of the General Fund.

WHEREAS, given the limited availability of new ongoing resources in the General Fund, it is financially prudent to replace the existing Transportation Funding Policy, as outlined in Resolution 34423, with a more attainable funding solution.

WHEREAS, the 2013 Citywide Assets Report documents Portland Parks & Recreation's annual funding gap for infrastructure maintenance and replacement of existing assets at \$28.1 million per year.

WHEREAS, Portland Parks & Recreation receives approximately \$1.7 million of ongoing General Fund resources per year, in addition to dedicated resources, in order to meet major maintenance obligations; and the 2014 bond measure will provide at most \$68 million over twenty years.

WHEREAS, the City does not currently allocate General Fund ongoing resources to implement improvements needed for earthquake and other natural disaster resilience.

WHEREAS, key objectives for the City's comprehensive financial management policies are to guide decision making, support long-term planning, maintain assets and infrastructure, minimize financial risk, optimize the effectiveness of service delivery, institute balanced revenue strategies, maintain financial stability, promote sound financial management, maintain credit ratings, ensure the legal use of resources, and promote collaboration.

WHEREAS, these policies are created and amended to reflect current City practices and City Council direction.

WHEREAS, City Comprehensive Financial Management Policy 2.03 states that at least 25 percent of General Fund discretionary revenue that exceeds budgeted beginning balance (adjusted) shall be allocated to infrastructure maintenance or replacement in the fall budget monitoring process.

WHEREAS, a FY 2014-15 Adopted Budget note directed bureau asset managers to work with the City Budget Office to develop options for funding and allocating resources to address recurring major maintenance and replacement needs of infrastructure assets.

WHEREAS, the report detailing these options, delivered to Council on October 24, 2014, recommended that Council dedicate as much excess General Fund beginning balance as possible, at least 50%, in the fall budget monitoring process to major maintenance and asset replacement projects.

WHEREAS, the report also recommended the reestablishment of the General Fund Capital Set-Aside using a portion of one-time General Fund identified in the five-year forecast, and newly available ongoing Public Safety Systems Revitalization Project resources.

NOW, THEREFORE, BE IT RESOLVED that existing City Comprehensive Financial Management Policy 2.03 is hereby amended to state that at least 50 percent of General Fund discretionary revenue that exceeds budgeted beginning balance (adjusted) shall be allocated to infrastructure maintenance or replacement in the fall budget monitoring process, and

BE IT FURTHER RESOLVED that existing City Comprehensive Financial Management Policy 2.03 is hereby amended to state that at least 50 percent of one-time General Fund discretionary resources identified in the five-year financial forecast be allocated to infrastructure maintenance or replacement in the Adopted Budget process, and

BE IT FURTHER RESOLVED that it is Council's intent to dedicate these funds to infrastructure

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maintenance and replacement projects related to emergency preparedness, parks and recreation, and transportation for the next four fiscal years starting in FY 2015-16, and

BE IT FURTHER RESOLVED that Resolution 34423 is hereby rescinded, and

BE IT FURTHER RESOLVED that amendments to the City's comprehensive financial management policies approved by this resolution are binding City policy.

Adopted by the Council: JAN 28 2015

Commissioner Amanda Fritz
Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Steve Novick
Prepared by: Tim Crail
Date Prepared: January 21, 2015

Mary Hull Caballero
Auditor of the City of Portland

By



Deputy

Agenda No. **37107**
RESOLUTION NO. 37107
 Title

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INTRODUCED BY <i>FISH</i> Commissioner/Auditor: <i>NOVICK</i> Commissioner Amanda Fritz	CLERK USE: DATE FILED <u>JAN 23 2015</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - <i>Hales</i> Position 1/Utilities - <i>Fritz</i> Position 2/Works/Fish - <i>Fritz</i> Position 3/Affairs - Saltzman Position 4/Safety - Novick <i>ca</i>	Mary Hull Caballero Auditor of the City of Portland By: <i>[Signature]</i> Deputy
BUREAU APPROVAL Bureau: Bureau Head:	ACTION TAKEN:
Prepared by: Tim Crail Date Prepared: 1/21/15	
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 checked="" type="checkbox"/> No <input type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan	
Council Meeting Date 1/28/15	

AGENDA

TIME CERTAIN
 Start time: _____
 Total amount of time needed: _____
 (for presentation, testimony and discussion)

CONSENT

REGULAR
 Total amount of time needed: **10 minutes**
 (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman		✓
4. Novick	4. Novick	✓	
Hales	Hales	✓	