

**Lead Agency:** County Assets

**Program Contact:** John Lindenthal

**Program Offer Type:** Internal Service

**Related Programs:** 78003, 78004, 78005, 78007, 78011

**Program Characteristics:** Climate Action Plan

**Executive Summary**

The Capital Improvement Program actively monitors, upgrades, and improves the County's portfolio of Tier II and III (substandard) buildings. The program preserves the County's assets by investing in improvements that maintain building values and provide accessible, functional, and energy efficient facilities.

**Program Description**

The Capital Improvement Program (CIP) creates an annual 5-year Capital Plan that focuses on the County's 17 primary owned Tier II and III buildings. A Tier II building is one that is a desirable part of the County's long-term portfolio but has significant deferred maintenance needs which must be addressed. A Tier III building is one that is not economical or impractical to bring to County standards and is therefore designated for disposition. Capital expenditures are avoided or minimized in Tier III facilities pending disposition of the building, if possible. The plan works in conjunction with the Facilities Strategic Plan which provides a basis for a sound investment strategy that addresses building needs and includes projects ranging from equipment upgrades to construction of new facilities over a 10 year horizon.

The program allows Capital, bond/levy, grants, and other funding components to be distributed based on priorities established with the aid of a detailed needs assessment and a decision-scoring matrix. The program looks for project efficiencies that benefit the building users and extend the useful life of the building.

The 5-year CIP Plan sets clear goals and fosters communication with departments as well as providing a tool to facilitate collaboration with both internal and external clients and building users. The program is working on modifying the Facility Asset Management Evaluation (FAME) database into PULSE (Planned Useful Life - System Evaluation). The modified database will more closely reflect our business practices on capital improvements. This effort will be completed in FY 13.

The Facilities Asset Strategic Plan (FASP) will also alter the projections on capital needs into the future. There is currently an identified capital need estimated at \$25,000,000 per year in fiscal years just outside the current 5-yr Capital plan (FY18-FY22). Efforts are underway County-wide to work on our building portfolio's recapitalization needs, which the current 8% annual CIP revenue increases are not adequate to address.

The Chair's executive budget adds \$8.8M for the following capital projects: the Health Department building on the U2 block; relocation of the Sheriff's Office and re-capitalization of the Hansen Building site; re-capitalization efforts for the Tabor Square and Central Probation buildings; and selected energy conservation projects in various County facilities.

**Performance Measures**

Measure Type	Primary Measure	Previous Year Actual (FY11-12)	Current Year Purchased (FY12-13)	Current Year Estimate (FY12-13)	Next Year Offer (FY13-14)
Output	Completed CIP Projects	84.4%	85.0%	73.9%	85.0%
Outcome	Percent of Primary Owned Buildings which are rated as Tier 1	66.7%	66.7%	66.7%	66.7%
Outcome	Project Management costs (\$/hr)	91	92	92	95

**Performance Measure - Description**

The metric (output) for completed projects are those adopted stand-alone projects that are scheduled to be completed in current fiscal year. Only multi-year projects which are scheduled for completion in the subject year are included in the metric. The project completion metric is set at 85%. This allows for flexibility in adjusting project schedules due to County needs and unforeseen circumstances. We project to fall short of this metric in FY13, primarily due to the number of staffing vacancies and the large workload spike in completing the East County Courthouse, however we have updated the 5 year project workload to meet completion targets in FY14.

Comparable project management costs at the City of Portland in FY13 are \$115/hr.

## Legal/Contractual Obligation

## Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
<b>Program Expenses</b>	2013	2013	2014	2014
Personnel	\$0	\$30,724	\$0	\$0
Contracts	\$0	\$3,273,855	\$0	\$4,000,000
Materials & Supplies	\$0	\$7,594,000	\$0	\$1,120,531
Internal Services	\$0	\$450,000	\$0	\$450,000
Capital Outlay	\$0	\$17,244,221	\$0	\$61,058,999
<b>Total GF/non-GF:</b>	<b>\$0</b>	<b>\$28,592,800</b>	<b>\$0</b>	<b>\$66,629,530</b>
<b>Program Total:</b>	<b>\$28,592,800</b>		<b>\$66,629,530</b>	
Program FTE	0.00	0.00	0.00	0.00
<b>Program Revenues</b>				
Fees, Permits & Charges	\$0	\$3,129,267	\$0	\$3,422,511
Intergovernmental	\$0	\$367,656	\$0	\$496,264
Other / Miscellaneous	\$0	\$25,095,877	\$0	\$62,710,755
<b>Total Revenue:</b>	<b>\$0</b>	<b>\$28,592,800</b>	<b>\$0</b>	<b>\$66,629,530</b>

## Explanation of Revenues

- \$3,252,940 FY14 Capital fee collected at \$3.45 per square foot on Tier II & III owned space for all departments except the Library.
- \$169,571 FY14 Capital fee collected at \$3.45 per square foot on Tier II & III owned space from the Library.
- \$20,000,000 beginning working capital includes \$9.2 million from Portland Development Commission for redevelopment of the west-end Hawthorne Bridge Ramp.
- \$458,764 Intergovernmental agreement with City of Portland at the Justice Center
- \$37,500 Intergovernmental agreement with Clackamas County for Jail Bed rentals
- \$110,000 Interest Earnings
- \$338,110 Cash Transfer from fund 3505 (Facilities Fund)
- \$8,586,645 of one-time General Fund resources for critical capital improvements.
- \$6,300,000 OTO Financing Proceeds for U2 Block Health Department building
- \$26,900,000 OTO Capital Other Portland Development Commission for U2 Block
- \$476,000 Cash Transfer to fund 2503 (see note below)

## Significant Program Changes

✔ Significantly Changed

**Last year this program was:** #78006, Facilities Capital Improvement Program (CIP)

The significant increase in the Capital Improvement Fund is due to funding for the upcoming Health Department building in downtown Portland.

This program includes \$476,000 set aside for a new Asset Replacement Revolving Fund. This revolving loan fund is intended to provide short-term (no more than five-year) internal loans for capital asset replacements that are not accounted for in other County asset replacement programs. The Chief Financial Officer is responsible for the use of this fund, and will establish criteria for use and repayment schedules.

The complete list of individual capital projects is found in the "Capital Budget" section of the County budget. Of note, this program contains \$995,000 set aside for Downtown Courthouse development. Additionally, \$9.2 million of PDC funding is set aside pending decisions on the Downtown Courthouse site.